



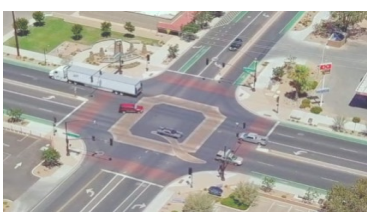
# **FY 2024-25 Town Manager's Recommended Budget**

**Town Council Budget Committee**

**April 8 and 9, 2024**

# Purpose of Presentation

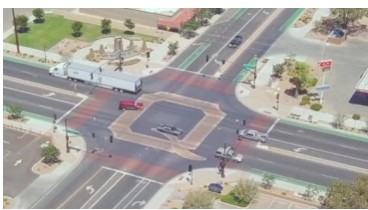
1. Review Budget Calendar
2. Overview of Public Finance and Budgeting
3. Key Financial Policies
4. Budget Overview
5. Operating Budget
6. Other Budgets
7. Infrastructure Budgets
8. Debt Budgets
9. Contingency Budgets
10. Discussion of FY 24-25 Remaining Policy Issues
11. Appendix A: Revenues
12. Appendix B: Select Department Budgets





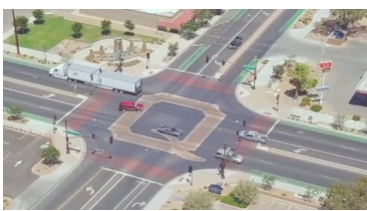
# 1. Review Budget Calendar

# Budget Calendar



Date	Item
February 24-25	Council Strategic Planning Session
March 28	Town Manager Recommended Budget Released
April 1 - 4	Budget Briefings with Town Council
April 8 and 9	Budget Committee Meetings (Full Council)
May 1	Tentative Budget Approval
May 15	Adoption of Final Budget, Corporate Strategic Plan, and Financial Policies
June 5	Property Tax Levy Adopted





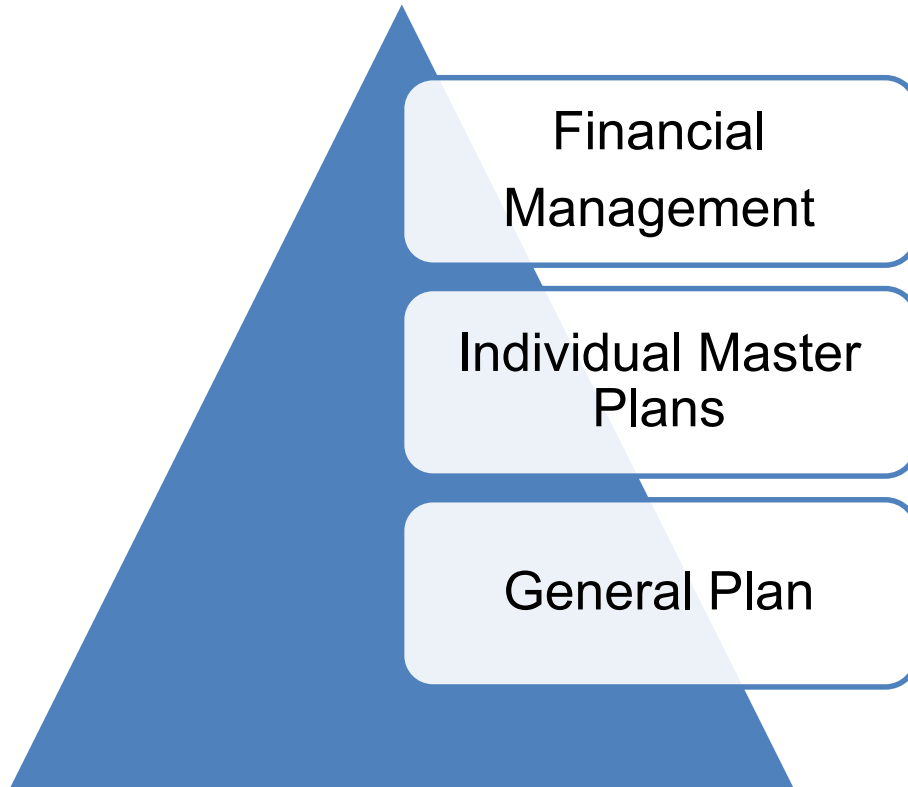
## 2. Overview of Public Finance and Budgeting

# Public Finance

- A Steward of the Public's Money
  - Provide Services and Infrastructure for Taxes and Fees
- One Organization ... But Many “Businesses”
  - “Different Buckets of Funding”
- How are Expenses Funded and Who Pays?
  - Property Taxes, Sales Taxes, and Rates / Fees
- Public Finance Differs From Personal Finance
  - Match Revenues and Expenses (Intergenerational Equity)



# Strategic Planning



# Roles and Responsibilities



## Staff

- Identify Policy Issues
- Identify Options
- Implement Decisions



## Town Council

- Make Policy Decisions

# Examples of Town Council Policy Decisions

- What Services Should We Provide? Level of Service?
  - Establish Police and Fire Response Times
- What Infrastructure is Needed to Serve our Residents and Businesses? Who Pays?
  - Police Stations, Fire Stations, Roads, Parks, etc.
- How Much Revenue Should We Receive from Property Taxes?
- How Much Should We Have in Our Savings Account?





# Financial Management

**Budgeting  
(Forecasting)**

What Do We  
Expected to  
Happen?

**Reporting  
(Actual Results)**

What  
Happened?



# A Budget . . .

- Is A Policy Document
- Identifies Our Financial Goals
- Is A Spending Plan (Estimates)
- Is A Communication Tool



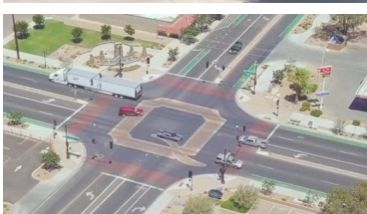
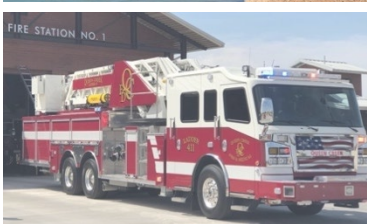
# Priority Financial Goals

1

- Maintain 'AA+' Bond Rating / Achieve 'AAA' Bond Rating (General Government)

2

- Initial Utility Bond Rating in **June 2025** (Water and Wastewater)





# 3. Key Financial Policies

# Key Financial Policies

## 1. Pension Funding (at June 30, 2024)

### 1. Police

- Fully Funded PSPRS Plan (\$1.6M Net Asset)
- \$19.3M Town Reserve

### 2. Fire

- Fully Funded PSPRS Plan (after \$1.4M Payment in June 2024)

### 3. All Other Employees

- ASRS Pension Liability: \$37.6M Total
  - Operating Budget: \$28.2M (Fully Funded)
  - Enterprise Funds: \$9.4M (Partially Funded)







# Key Financial Policies (continued)

## 2. 25% Revenue Reserve Policy

- June 30, 2023 Amount: \$37.2M
- June 20, 2024 Estimated Amount: \$38.4M
- June 30, 2025 Estimated Amount: \$41.3M

## 3. New Position Placeholder

- 25 New Positions Annually to Maintain Existing Service Levels and for Growth of PD



# Key Financial Policies (continued)

## 4. Employee Compensation (2 Components)

### 1. 4% Market Increase: \$2.1M

- Based on 2023 Indices:
  - Consumer Price Index, Western Region (CPI): 3.6%
  - Employment Cost Index (ECI) for State & Local Workers: 4.6%

### 2. 3% Merit Increase: \$1.0M

- Up to 3% Based on Annual Employee Performance Evaluation

# Key Financial Policies (continued)



## 5. Continued Reduction of Water Replenishment Fees (CAGR)

- FY 24-25 Savings: \$9.2M (-67%)
- Cumulative-to-Date Savings: \$45.1M

## 6. 2<sup>nd</sup> Year of Property Tax Freeze

- FY 24-25 Savings: \$2.7M (-16%) of Maximum Amount
- 2-Year Cumulative Savings: \$4.4M

## 7. Eliminated Streetlight Improvement District Property Taxes

- FY 24-25 Savings: \$240K

# Key Financial Policies (concluded)



8. **NEW POLICY:** Voter Approved Property Taxes will NOT be Used to Fund Infrastructure (Secondary Property Tax)
  
9. **NEW POLICY:** Create a \$10M Construction Sales Tax Revenue Cap and a Pay-As-You Infrastructure Reserve in Operating Budget
  - Estimated Reserve After 3 Years: \$20M



# 4. Budget Overview



# Town Manager Thoughts



- Budget Reduced to \$723.8M from Prior Year (-\$143M, -17%)
- Reflects \$12.1M in Continued Tax and Fee Reductions (Water Replenishment Fees, Primary and Streetlight Property Taxes)
- Reflects Town Council Priorities
- Increased Service Levels
  - Police
  - Fire
  - Transportation
  - Parks and Recreation

# Town Manager Thoughts (concluded)



- Aggressive Infrastructure Construction Continues and Funding is Needed
- Initiating Pay-As-You-Go Financing
- \$140M+ Debt Issue Anticipated to Finance Infrastructure
- Rates and Fees Are Being Evaluated to Pay for Infrastructure

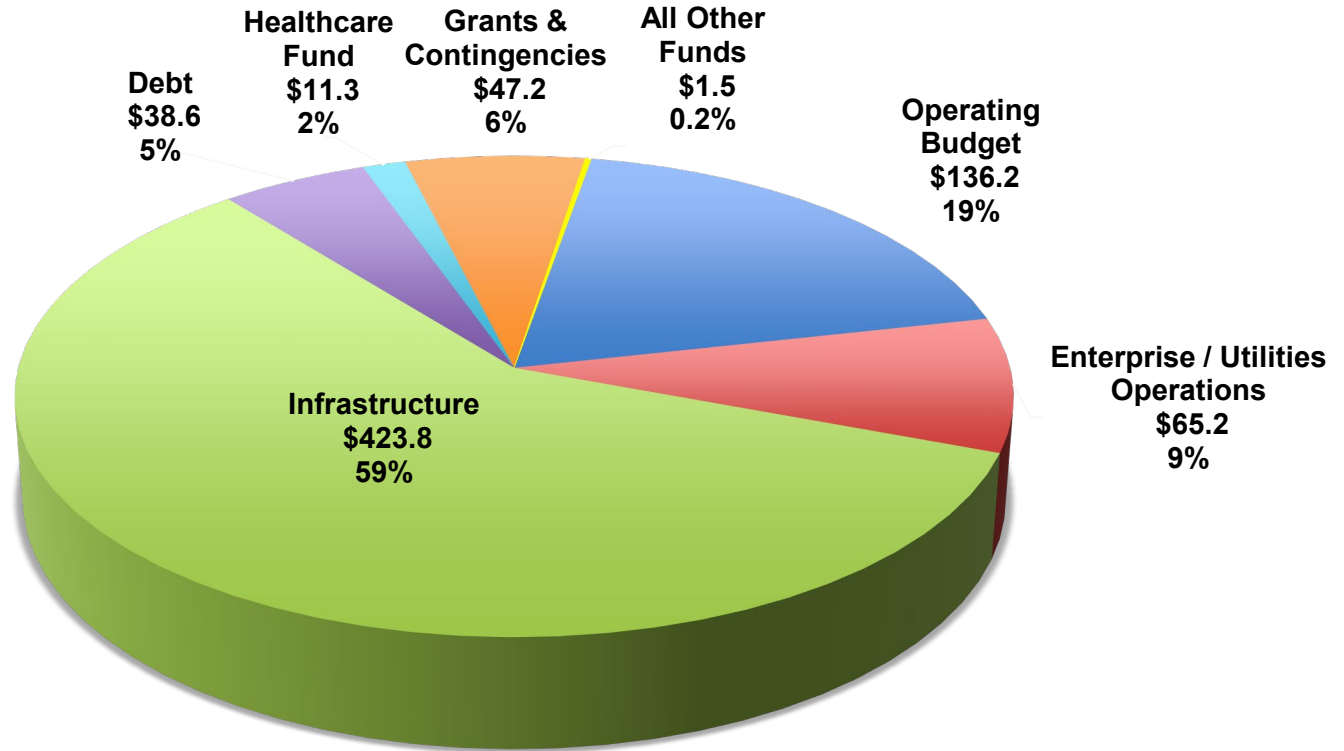
# A Busy Year with Rates and Fees



Rate and Fee	Timeline
1. Impact Fees	March - September
2. Parks and Recreation User Fees	May - August
3. Water and Wastewater Capacity Fees 4. Water, Wastewater, Solid Waste Rates	September - October
5. LGES Infrastructure Funding / Water and Wastewater Rates	Ongoing

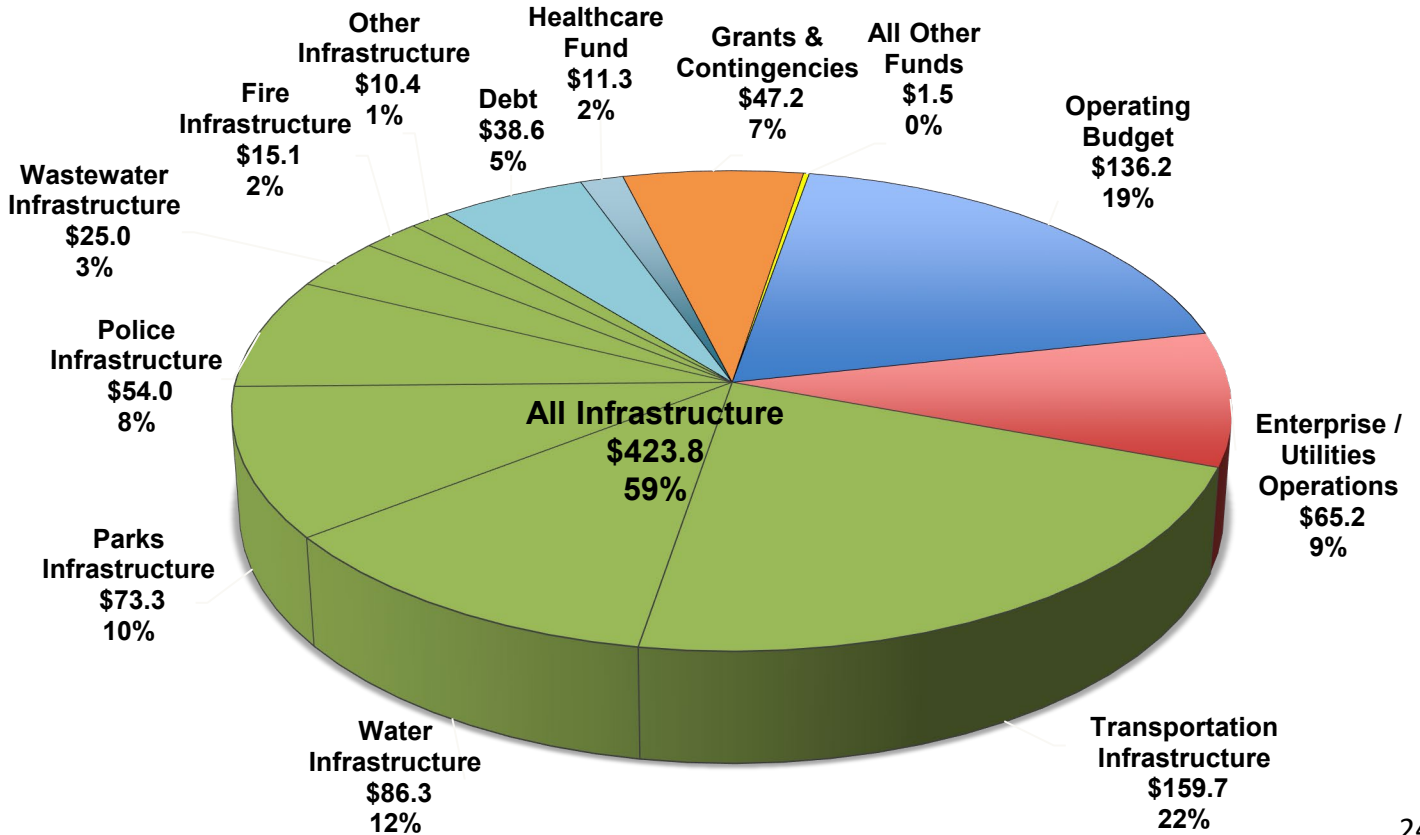
# FY 24-25 RECOMMENDED BUDGET

## \$723.8M



# FY 24-25 RECOMMENDED BUDGET

## \$723.8M





# Town Manager's Recommended Budget

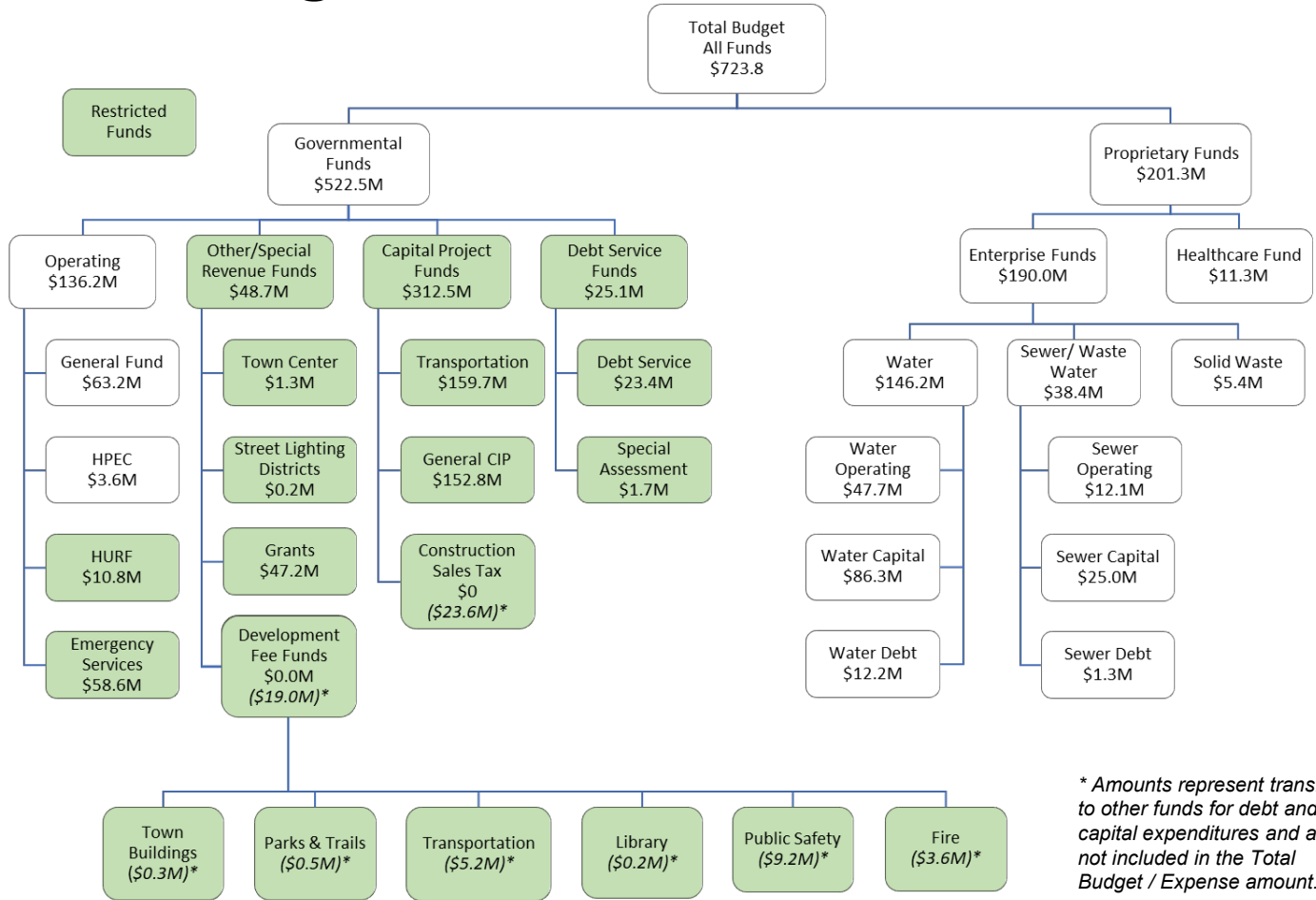
	FY 23-24 Revised	FY 24-25 Recommended	\$ Change	% Change
<b>Total Expenses</b>	<b>\$867.1M</b>	<b>\$723.8M</b>	<b>(\$143.3M)</b>	<b>(17%)</b>
	FY 23-24 Revised	FY 24-25 Recommended	\$ Change	% Change
<b>Revenues</b>	<b>\$712.5M</b>	<b>\$503.9M*</b>	<b>(\$208.6M)</b>	<b>(29%)</b>
<b>Use of Fund Balances</b>	<b><u>\$154.6M</u></b>	<b><u>\$219.9M</u></b>		
<b>Total Sources</b>	<b>\$867.1M</b>	<b>\$723.8M</b>		

\*Includes Loan Proceeds of \$140M for new Police, Fire, Transportation, and Parks infrastructure

# Budget Summary and Comparison

	FY 2023-24 Revised	FY 2024-25 Recommended	\$ Change
Operating Budget	\$123.7M	\$136.2M	\$12.5M
Enterprise/Utilities Operations	<u>\$52.1M</u>	<u>\$65.2M</u>	<u>\$13.1M</u>
Subtotal Operating Budgets	\$175.8M	\$201.4M	\$25.6M
Transportation Infrastructure	\$175.7M	\$159.7M	(\$16.0M)
Water Infrastructure	\$233.1M	\$86.3M	(\$146.8M)
Parks & Trails Infrastructure	\$130.2M	\$73.3M	(\$56.9M)
Police Infrastructure	\$32.2M	\$54.0M	\$21.8M
Wastewater Infrastructure	\$25.3M	\$25.0M	(\$0.3M)
Fire Infrastructure	\$15.9M	\$15.1M	(\$0.8M)
All Other Infrastructure	<u>\$1.4M</u>	<u>\$10.4M</u>	<u>\$9.0M</u>
Subtotal - Infrastructure	\$613.8M	\$423.8M	(\$190.0M)
Debt	\$39.3M	\$38.6M	(\$0.7M)
Healthcare Fund	\$9.7M	\$11.3M	\$1.6M
Grants & Contingencies	\$20.7M	\$47.2M	\$26.5M
All Other Funds	<u>\$7.8M</u>	<u>\$1.5M</u>	<u>(\$6.3M)</u>
<b>Total Budget</b>	<b>\$867.1M</b>	<b>\$723.8M</b>	<b>(\$143.3M)</b>

# Budget / Fund Structure : \$723.8M



\* Amounts represent transfers to other funds for debt and capital expenditures and are not included in the Total Budget / Expense amount.

# FY 2024-25 Staffing Increases: +86 (+15%)

Department	FY 2023-24 Revised Budget	FY 2024-25 Recommended Budget
Police	110.00	158.00
Fire & Medical	110.00	117.00
Community Services	68.43	75.43
Public Works	58.00	70.00
Water and Wastewater	67.50	69.50
Finance	45.48	50.48
Development Services	32.00	32.00
Information Technology	21.00	26.00
CIP Administration	18.00	17.00
Economic Development / HPEC	14.00	14.00
Human Resources	8.00	9.00
Mayor & Town Council	7.00	7.00
Town Manager, Clerk, Legislative & Legal Services	7.00	7.00
Solid Waste	<u>5.00</u>	<u>5.00</u>
<b>Total Full Time Equivalent Positions (FTEs)</b>	<b>571.41</b>	<b>657.41</b>

# FY 24-25 New Positions: 86 FTEs

## Public Safety: 62

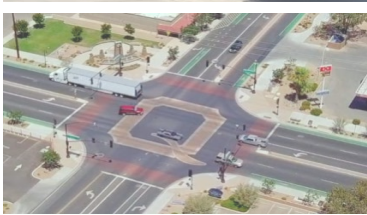
- Fire Department: 7
  - 4 Fire Captains
  - 3 Fire Fighters
- Police Department: 48
  - 13 Sworn PD
  - 7 Civilian PD
  - 28 Additional TBD
- PD Related: 7
  - Public Works - Fleet: 4
  - Info Tech: 3
  - (1 HR Analyst added FY 23-24)

## All Other: 24 \*

- Community Services: 7
- Public Works: 8
- Finance: 3
- Info. Tech: 2
- Utilities: 2
- CIP Administration: 1
- HR: 1

\* 7 additional positions were added in March 2024 to accelerate hiring for various departments





# FY 24-25 New Positions: 62 Public Safety

## Police Department: 48

### Sworn (29):

- 10 Police Officers
- 3 Supervisors
- 16 TBD

### Professional Staff (19):

- 1 Crime / Intel Supervisor
- 3 Crime / Intel Staff
- 1 Crime Scene / Evidence Supervisor
- 1 Crime Scene / Evidence Staff
- 1 Senior Police Investigator
- 12 TBD

## Fire Department: 7

- 4 Fire Captains
- 3 Fire Fighters

## Police Related: 7

- 3 Mechanics
- 1 Fleet Admin
- 3 IT Staff
- (1 HR Analyst added in FY 23-24)

# FY 24-25 New Positions: 24 All Other

## Community Services (7)

- 3 Recreation Coordinators – Recreation
- 3 Customer Service Reps – Recreation
- 1 Aquatics Coordinator – Aquatics

## Public Works (8)

- 1 Street Supervisor – Streets
- 1 Street Specialist – Streets
- 1 Management Analyst – Traffic/HURF
- 1 Facilities Supervisor – Facilities\*
- 1 Facility Services Specialist – Facilities\*
- 3 Custodians – Facilities\*

## Utilities (2)

- 1 Electrician
- 1 Utility Specialist, Repairs

## Finance (3)

- 1 Payroll Senior Technician\*
- 1 Financial Services Technician
- 1 CIP Accountant

## Information Technology (2)

- 1 IT Business Analyst
- 1 IT Technician\*

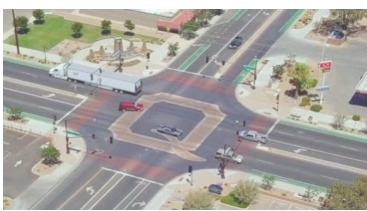
## Human Resources (1)

- 1 Human Resources Specialist\*

## CIP Administration (1)

- 1 CIP Senior Inspector

*\* Related to the new Recreation/Aquatics Center*





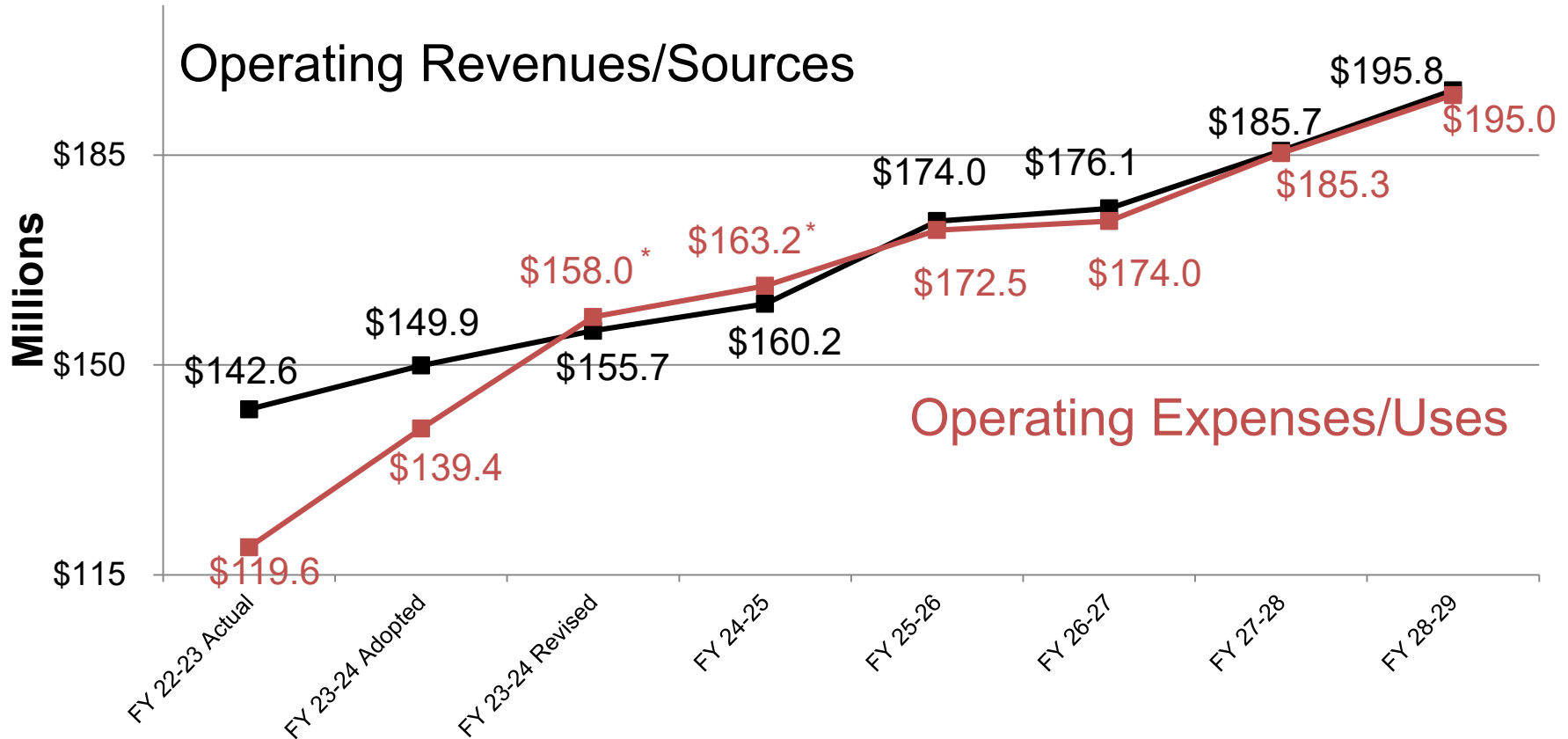
# 5. Operating Budget

# FY 24-25 Operating Budget Highlights



1. Revenue Growth Remains Strong
2. Increased Service Levels
  - Police, Fire, Transportation and Parks
3. Increases Infrastructure Funding
  - Construction Sales Tax Pay-As-You-Go
4. Maintains Existing Service Levels Elsewhere
5. Addresses Employee Compensation

# Operating Budget 5-Year Projection



\* Includes \$20.4M and \$10.9M, respectively, of one-time capital equipment purchases that will be partially funded from reserves





# ***Operating Revenue Projections***

# Our Approach to Monitoring and Estimating Revenues

- #1 Priority of the Finance Department
- Successful Results
  - Actual Results Have Exceeded Projections for the Last 12 Years
- Resources
  1. Town Staff (Finance and Development Services)
  2. Outside Consultants
  3. Monthly Analysis and Reporting
  4. Memberships, Subscriptions, Publications, Webinars, and Conferences
  5. Sales Tax Analytical Software
  6. State's Legislative Budget Committee and Finance Advisory Committee



# Economic Uncertainty Continues

- Will the Resiliency of the Consumer and the Labor Market Continue to Avoid a Recession?
- Will Inflation Continue to Decrease?
- Have We Yet Felt the Effects of the Interest Rate Increases?
- What Happens to Mortgage Rates?
- Will People Continue to Move to Arizona?
- Will There Be a Housing Market Correction?
- Will the State Legislature Enact Structural Revenue Changes that Reduce QC's Revenues?



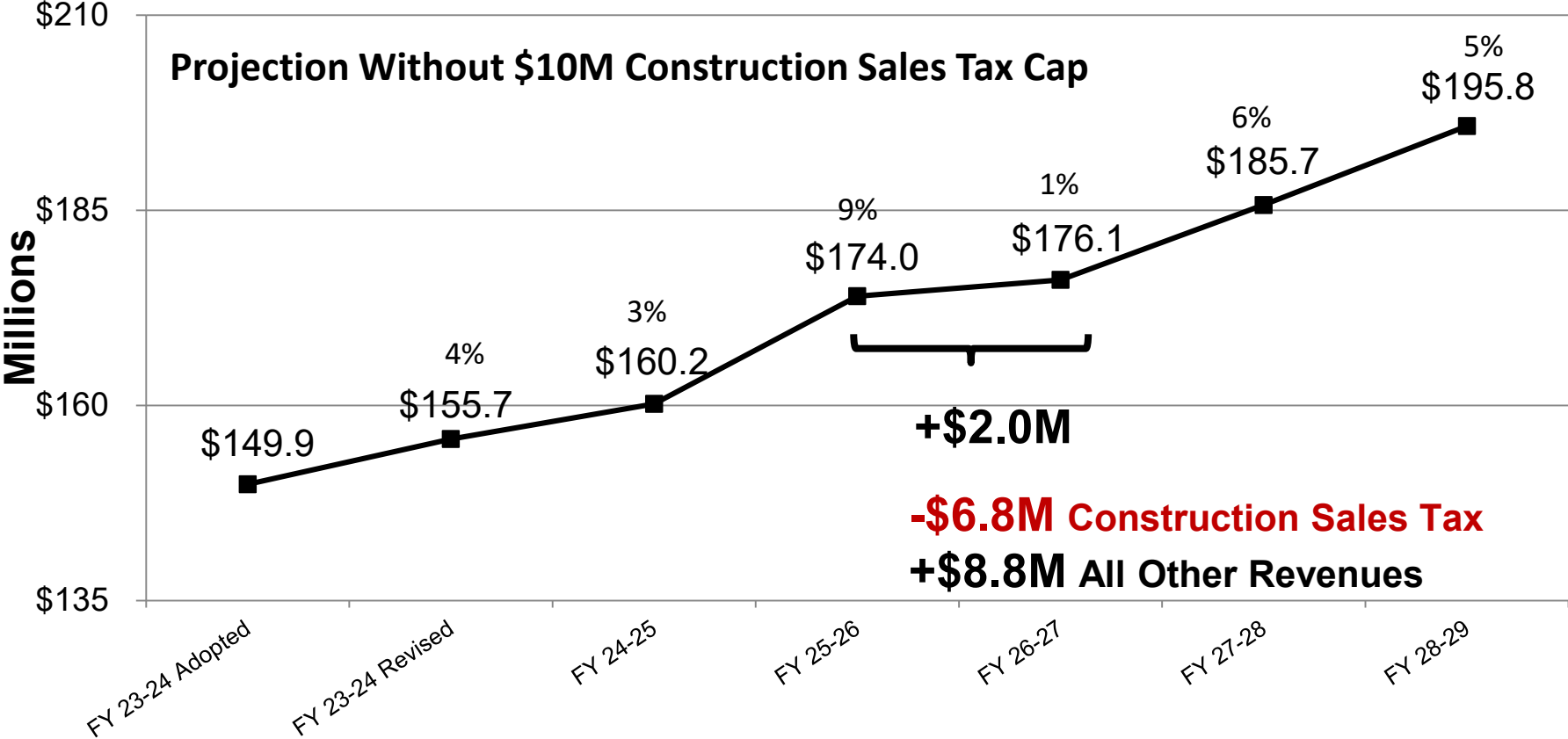
# QC Strengths



- QC Tends to Perform Better than U.S. and Arizona Economy
- Fiscal Year-to-Date Results Are In Excess of Projections
- Diverse Revenues
- Our Comprehensive Approach to Estimating and Monitoring Revenues
- Population Growth and Strong Demographics
  - Median Household Income (~\$130K) and Low Unemployment
- Opportunities Exist Here – Our Economy Continues to Grow
- Record High Operating Budget Reserves (\$137.6M, 124% of Expenses)

# Operating Budget Revenue Forecast

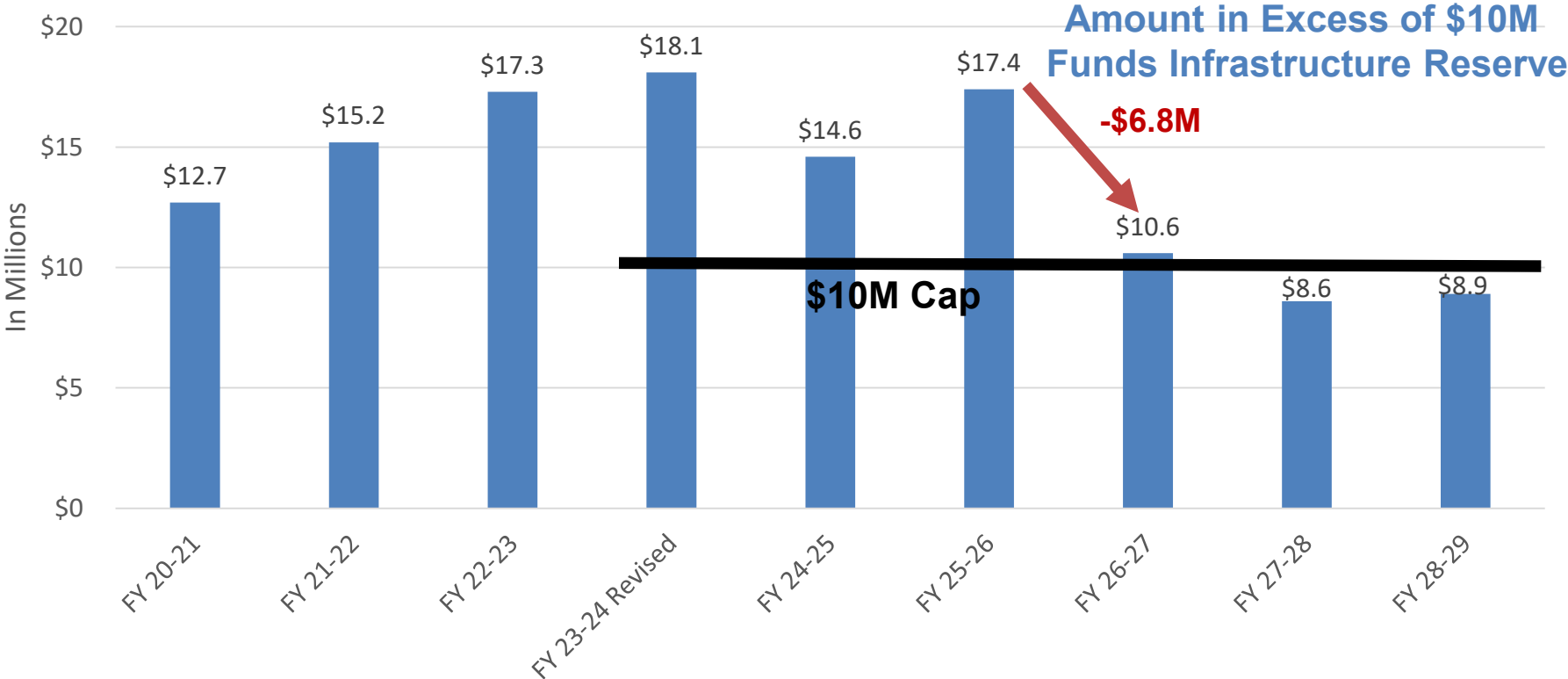
**Projection Without \$10M Construction Sales Tax Cap**



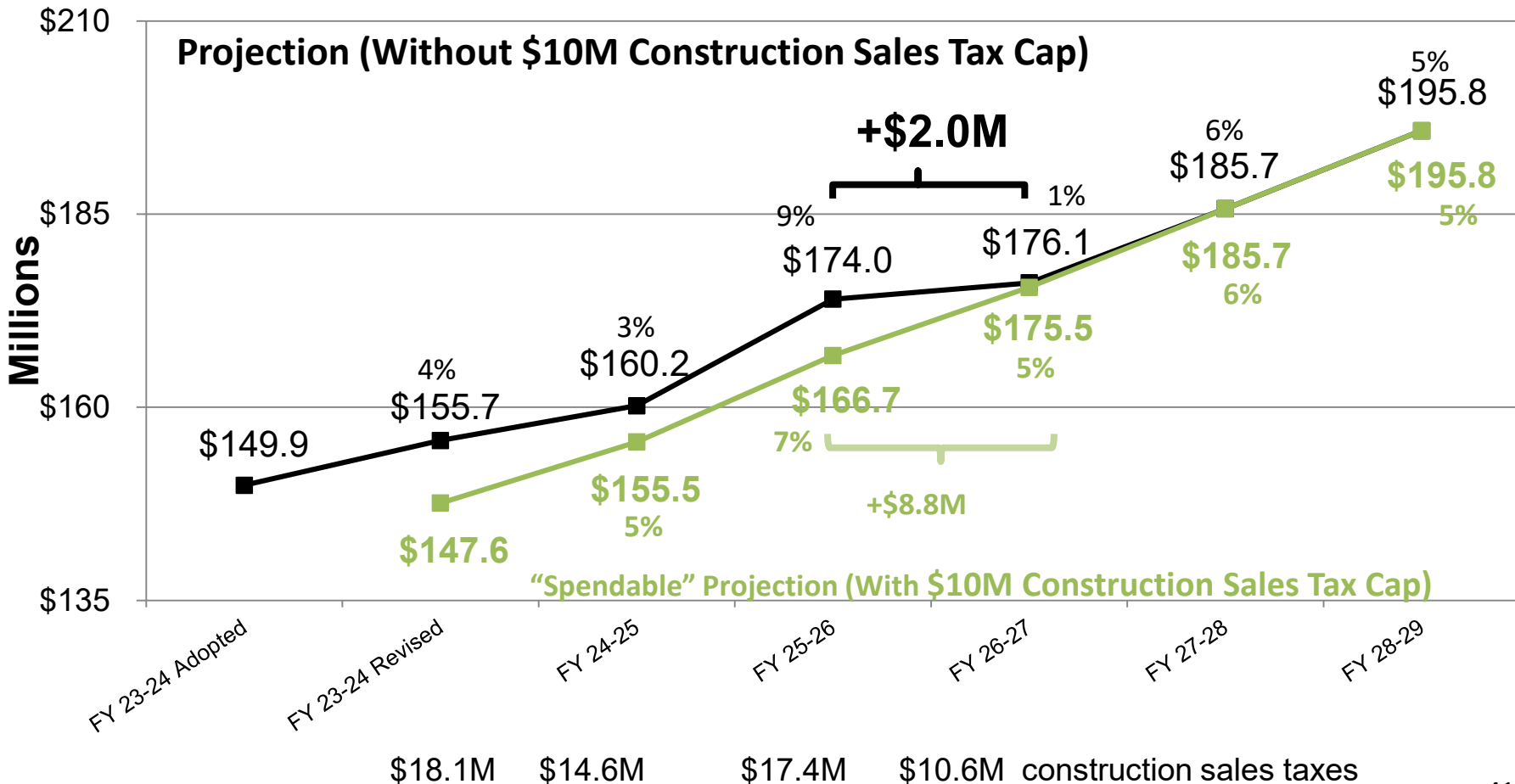


# Pay-As-You-Go Infrastructure Funding Policy

2% Construction Sales Taxes



# Operating Budget Revenue Forecast



# Why Population Projections are Critical?

## 1. Indicates Quantity and Cost of New Services Needed

- Examples: PD and Fire/EMS Calls, Traffic Management, Water Resources

## 2. Identifies Location of New Infrastructure

- Examples: Police and Fire/EMS Facilities, Roads, Water and Wastewater Infrastructure, Parks

## 3. Identifies One-Time Revenues

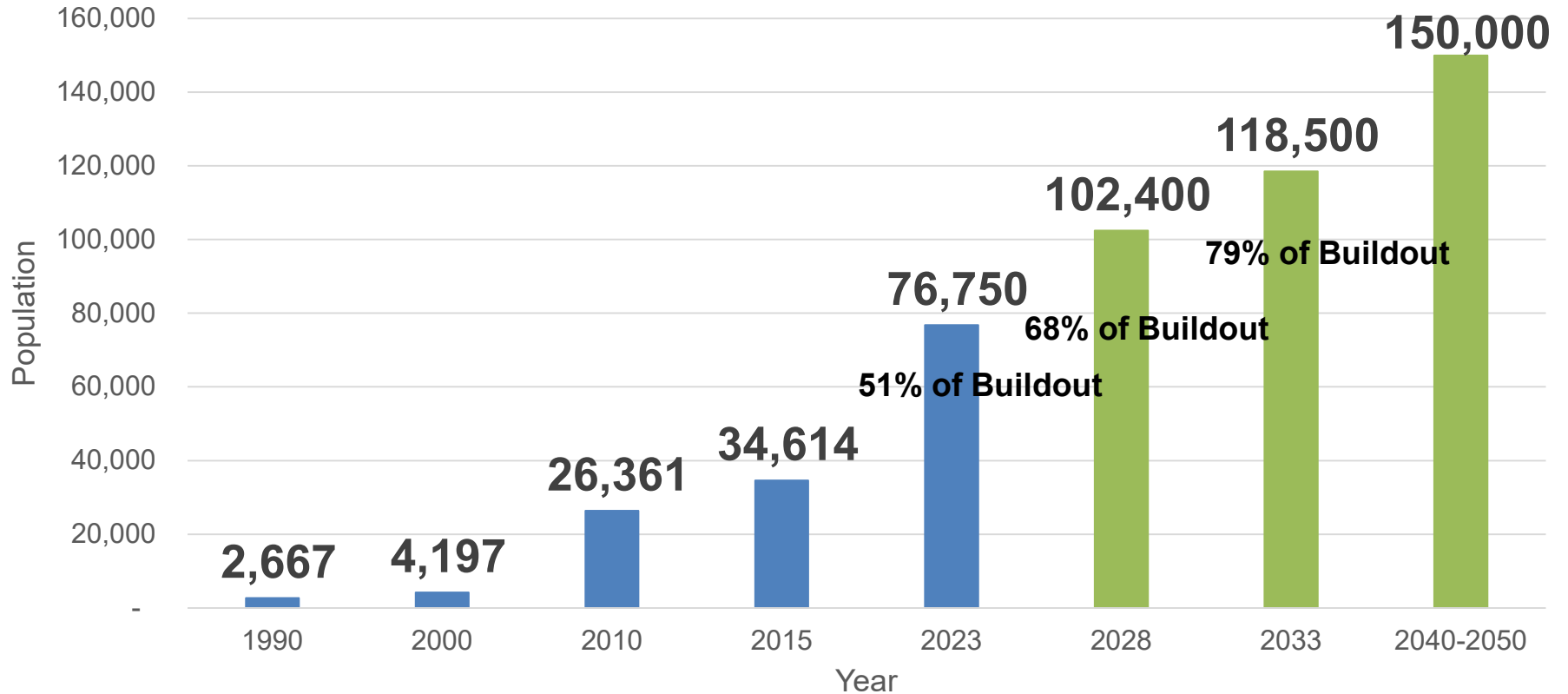
- Building Permit Revenues, Construction Sales Tax, Impact/Capacity Fees

## 4. Identifies Ongoing Revenues

- ***Sales Tax Revenues***, State Shared Revenues



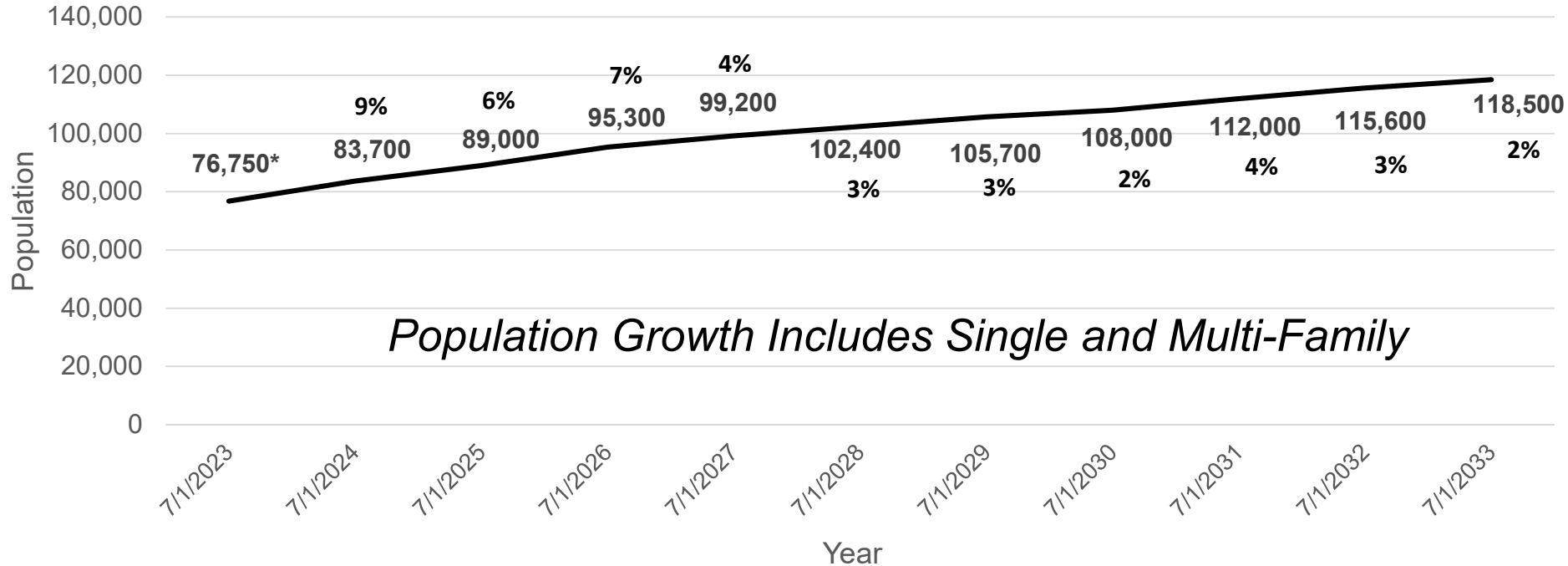
# Buildout Population Projections: 150K



# 10-Year Population Projections

10-Year Population Increase: ~42K (54%)

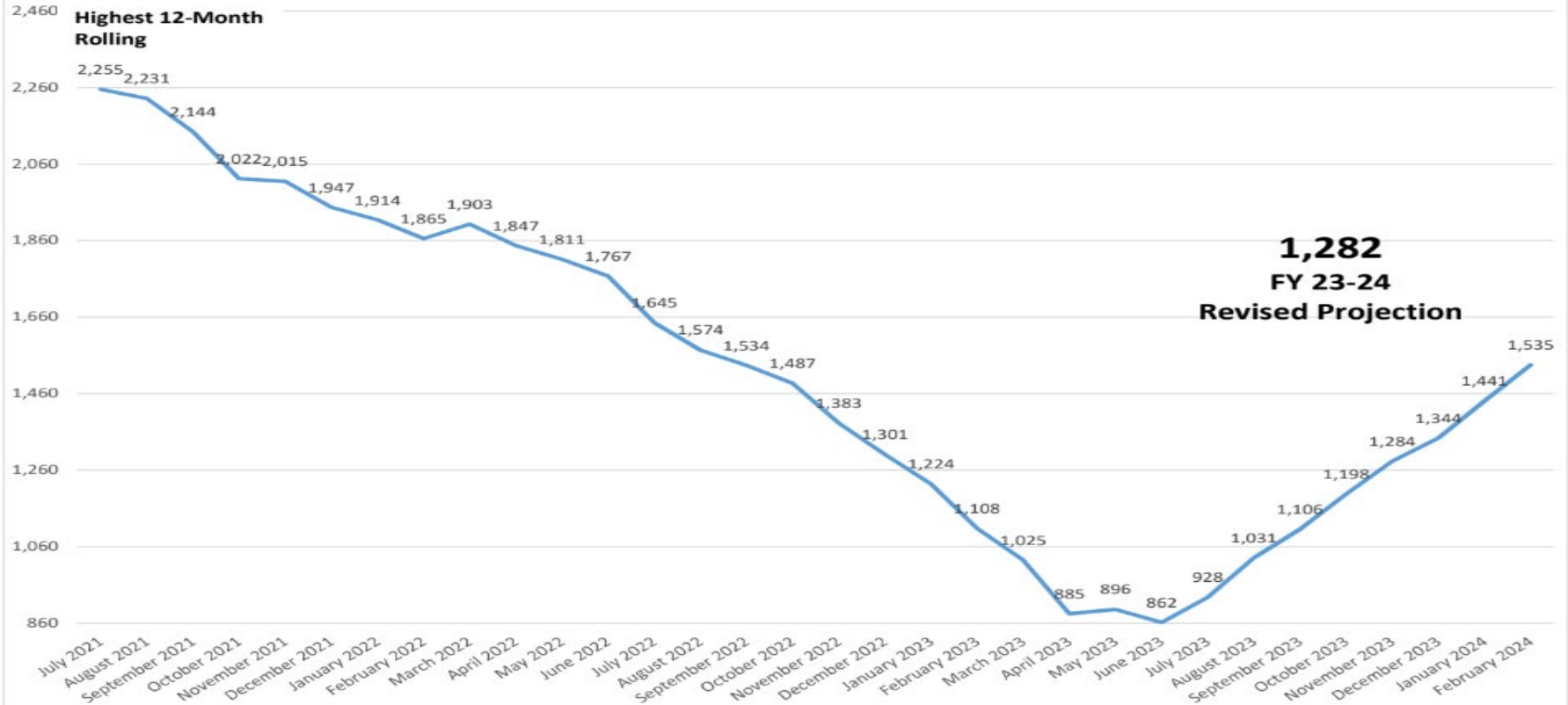
Buildout Population: ~150K



\*7/1/2023 estimate from Arizona State Demographer, Office of Economic Opportunity

# Single-Family Permits on a Steady Increase ...

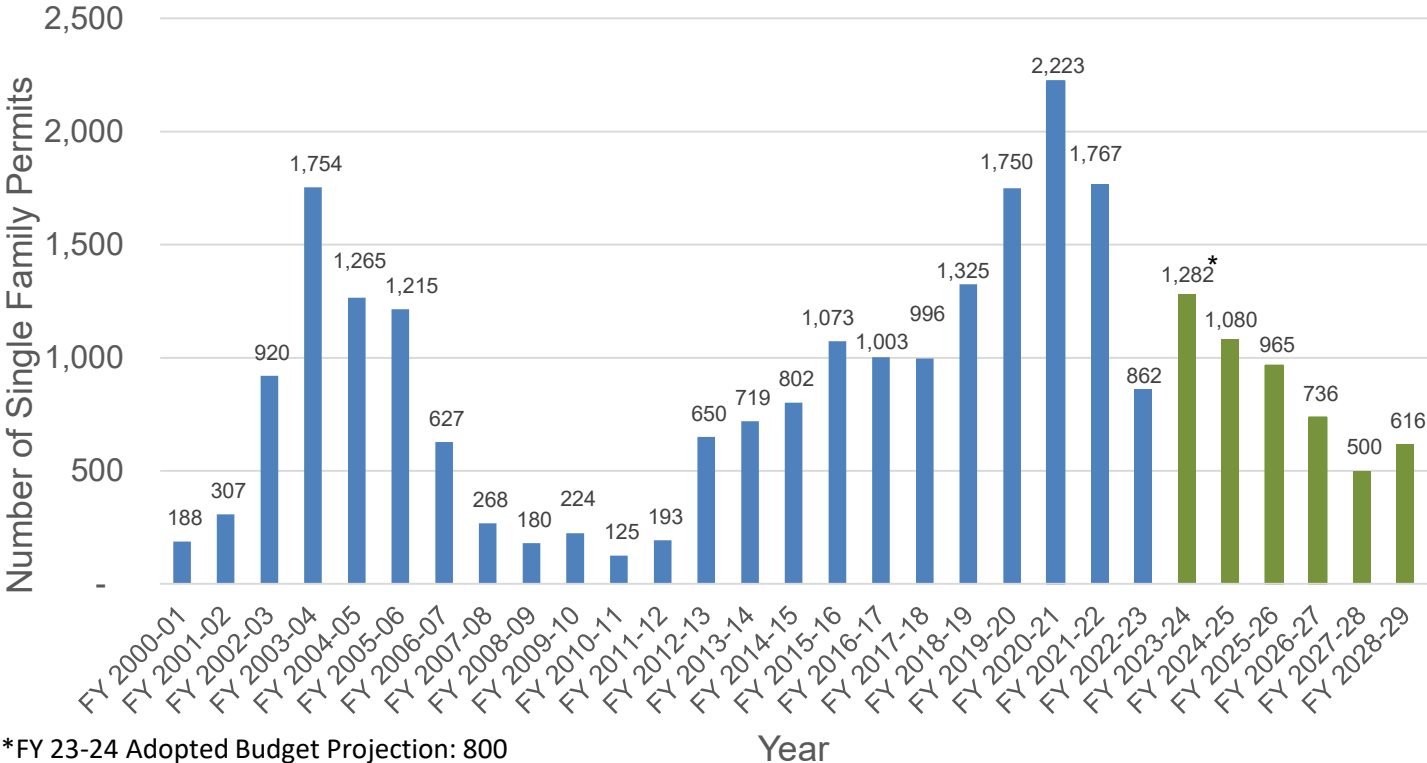
12 Month Rolling Single Family Permits





# Single-Family Permit Projections

- 5-Year Permit Projections Have Been Decreased by 25%
  - From 5,240 to 3,897 (-1,343)

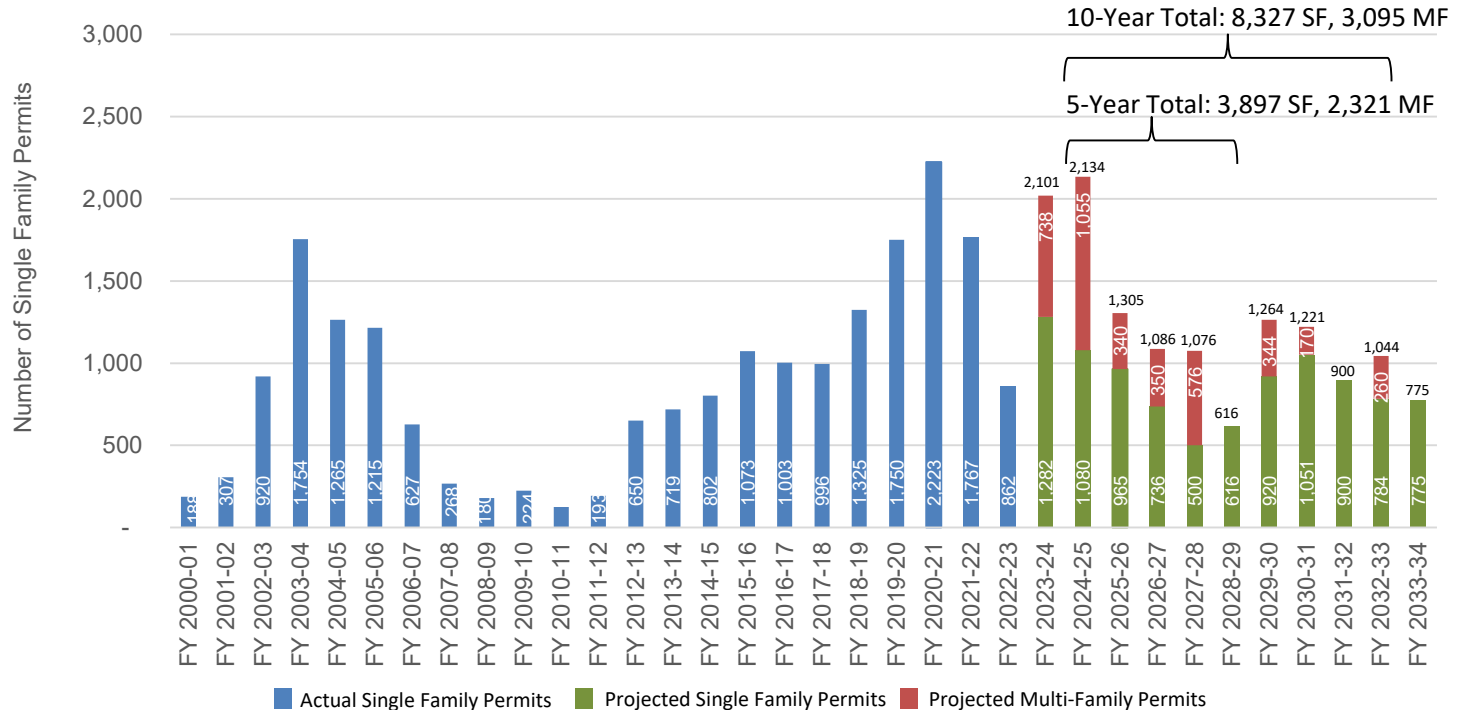


\*FY 23-24 Adopted Budget Projection: 800



# Residential Projections

- Both single family and multi-family development projections are considered during the revenue projection process



\*FY 23-24 Adopted Budget Projection: 800

# FY 2024-25 Revenues

- Projection: \$160.2M
  - +\$4.5M (+3%) Increase
- Reflects 2<sup>nd</sup> Year of Property Tax Freeze
- Residential Rental Tax Eliminated by State Legislation (\$1M)
- Flat State Shared Revenues (Caused by Reduced Income Tax Revenues)

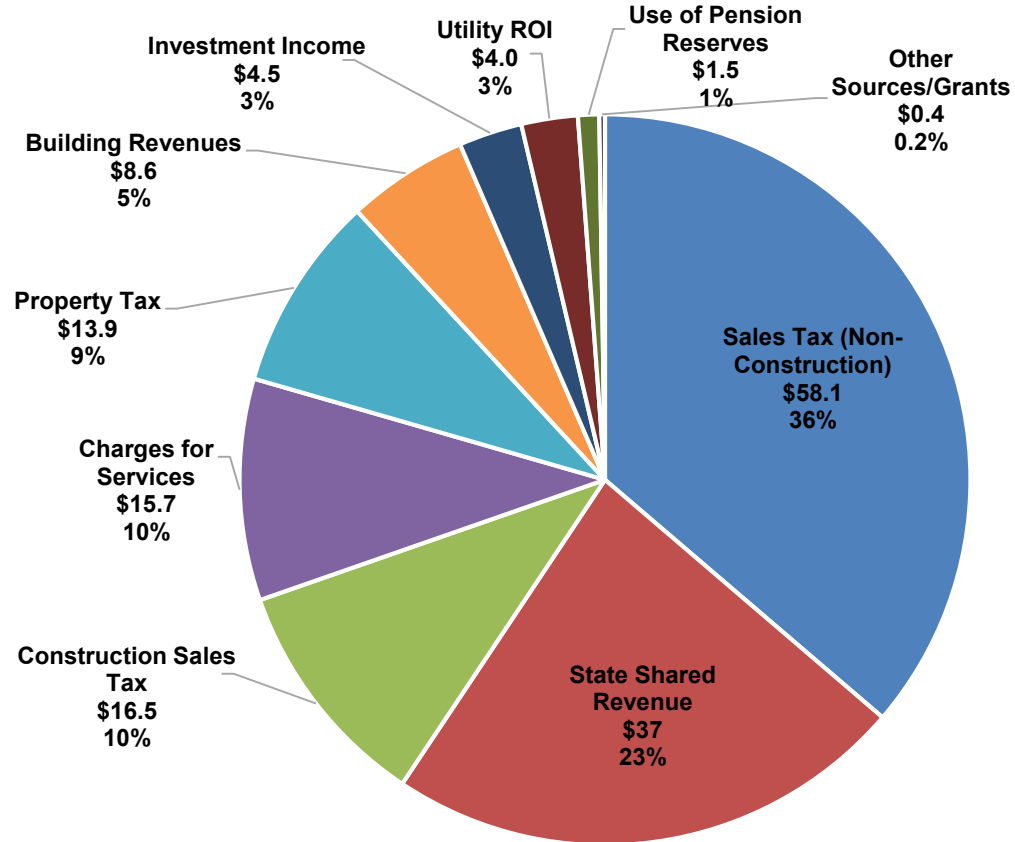


# Revenues Beyond FY 2024-25



- Population Growth and Development Continues
  - Supply of Single-Family Lots Decreasing ... Until Water Issue Resolved for Subdivisions Without Assured Water Rights
  - Multi-Family Development Continues
  - Development of Larger Retail Sites Decreasing
- The “LG Effect” Will Continue to Materialize
  - Annual Revenues **NOT** Included in Projections
  - Projections Do Include One-Time Construction Sales Taxes Because they are Being Used to Pay for Direct Infrastructure Associated with LG

# FY 24-25 Operating Revenues/Sources \$160.2M (10 Major Revenues)

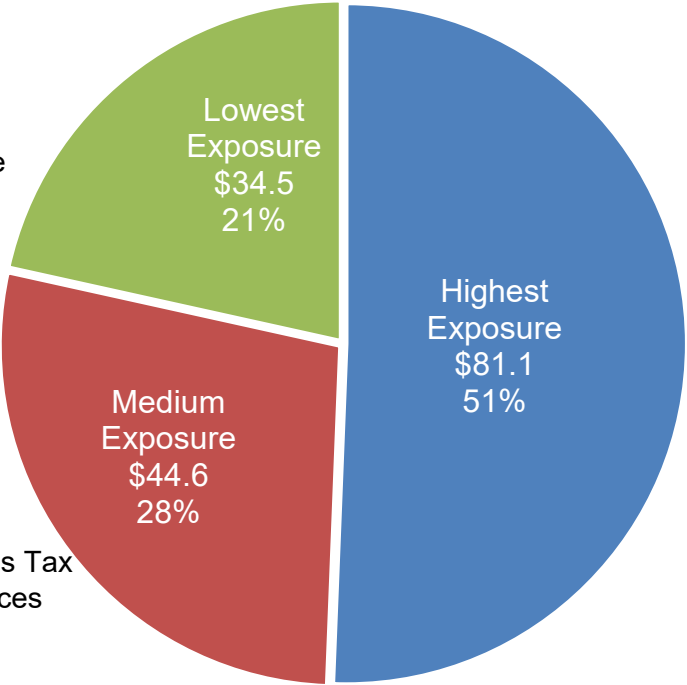




# Revenue Predictability



- Property Tax
- State Income Tax
- Investment Income



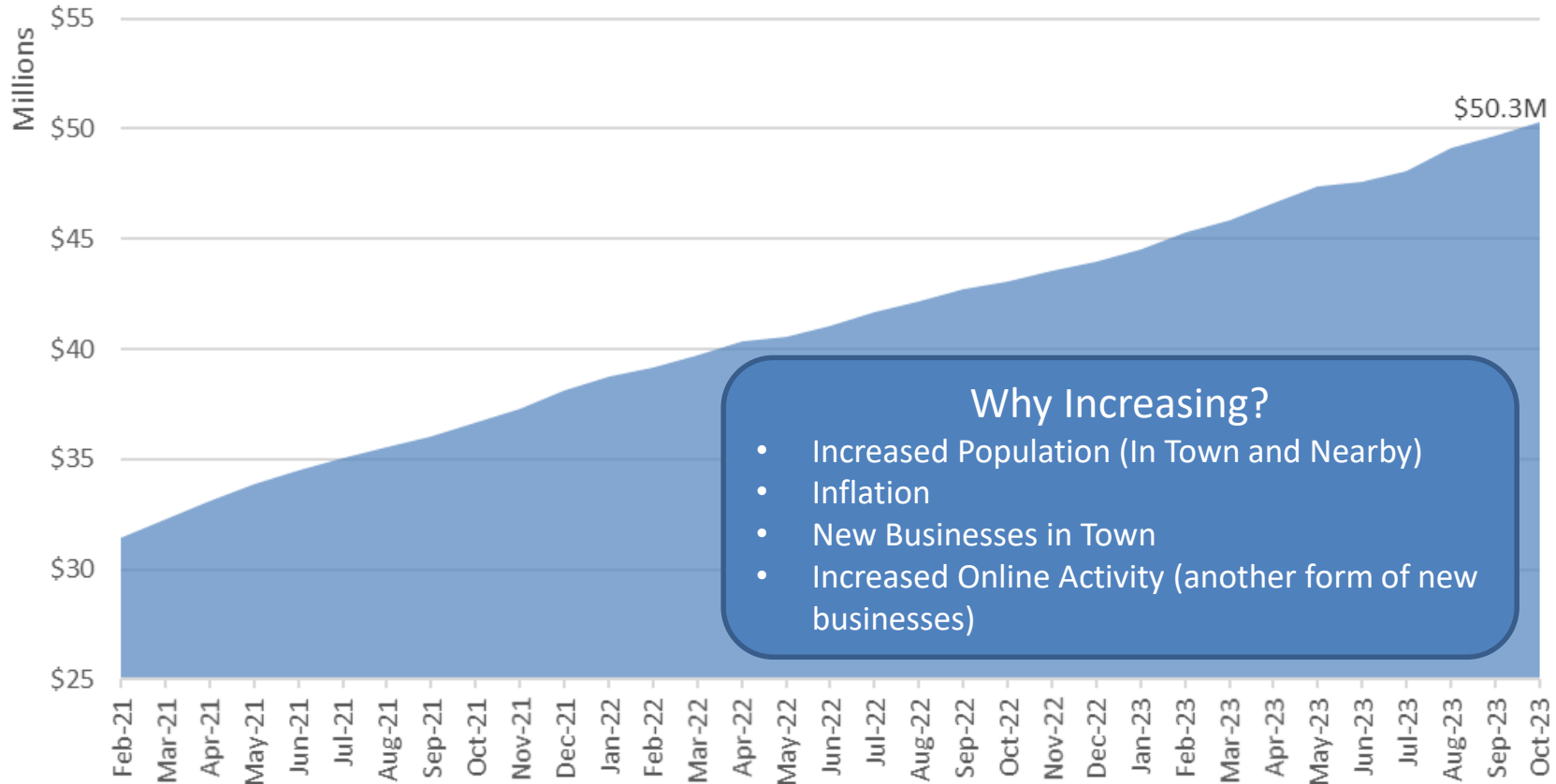
- Construction Sales Tax
- Charges for Services
- Utility ROI

- Sales Tax
- State Sales Tax
- Highway User Revenue Fund
- Vehicle License Tax
- Building Revenues



# Sales Tax Base Remains Strong and Growing

12-Month Rolling Actual Sales Tax Collections (Excludes Construction)

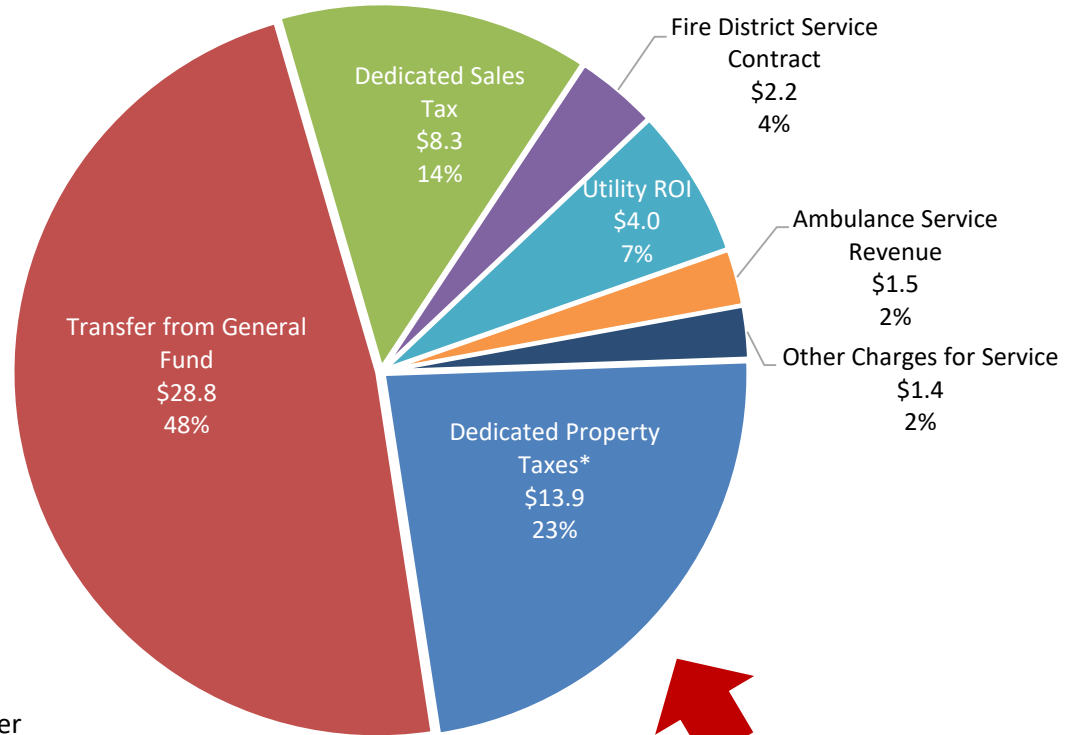


# QC Property Taxes

- 2007: Voter Approved Primary Property Tax
  - Dedicated for Public Safety
  - Created to Provide a Stable Revenue Source to Assist in Paying for Public Safety Expenses
    - Covers ~23% of Public Safety Expenses
    - Included a “Not to Exceed \$1.95 Levy” Provision
- QC **Does Not Have** a Secondary Property Tax (Voter Approved for Infrastructure)



# FY 2024-25 Public Safety Funding: \$60.1M



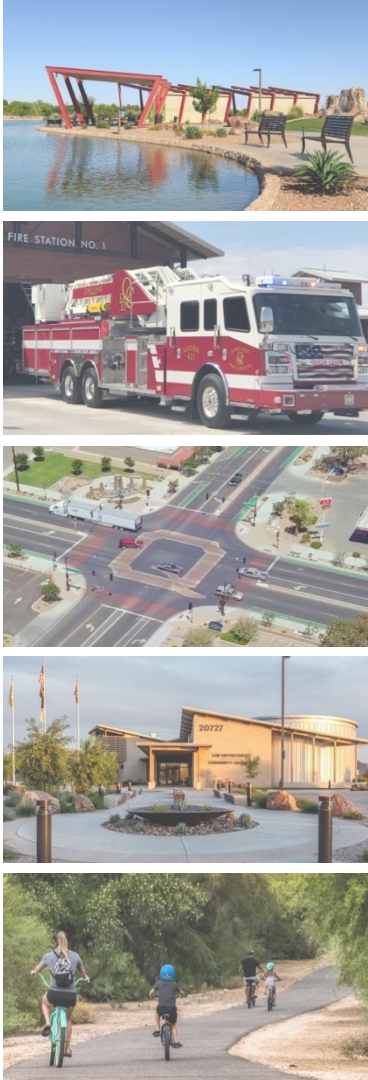
\*Assumes Levy Rate at \$1.63 per \$100 Assessed Value

# Assessed Value Growth Remains Strong



	Assessed Value	% Change
FY 23-24 Total	\$771.0M	
FY 24-25 Increase:		
Existing Property	\$43.4M	+6%
New Construction	<u>\$38.9M</u>	+5%
<b>FY 24-25 Increase</b>	<b>\$82.3M</b>	
<b>FY 24-25 Total</b>	<b>\$853.3M</b>	<b>+11%</b>

# Property Tax Revenue Formula



Assessed  
Value (AV)

**\$853M**

Maricopa /  
Pinal  
County

X

Levy Rate  
(per \$100 AV)

**\$1.63**

=

Annual  
Revenues

**\$13.9M**

Town  
Council

# 5-Year Property Tax “Freeze”

- Approved in November 2022
- Resolution No. 1500-22
- FY 24-25 is the Second Year of the “Freeze”
- “Freeze” is Performing as Expected
  - 2-Year Cumulative Actual Savings: \$4.5M
  - 5-Year Cumulative Expected Savings: \$19.8M





# What Does the “Freeze” Policy Accomplish?



1. Reduces Property Taxes (as Compared to Voter Approved Maximum)
  - **\$6.1M in 5<sup>th</sup> Year of “Freeze”**
  - **\$19.8M Over 5 Years of “Freeze”**
2. Creates Certainty for Taxpayers (Existing and New)
  - No Property Tax Increase for 5 Years Beginning FY 23-24
  - Savings on a \$265K Median Value House as Compared to the Voter Approved Maximum:
    - **\$166 in 5<sup>th</sup> Year of “Freeze”**
    - **\$557 Over 5 Years of “Freeze”**
3. Property Tax Revenues Increase Only by New Construction
4. Shifts the Funding of Public Safety Costs
  - More of the Town’s General Revenues Pay for Public Safety

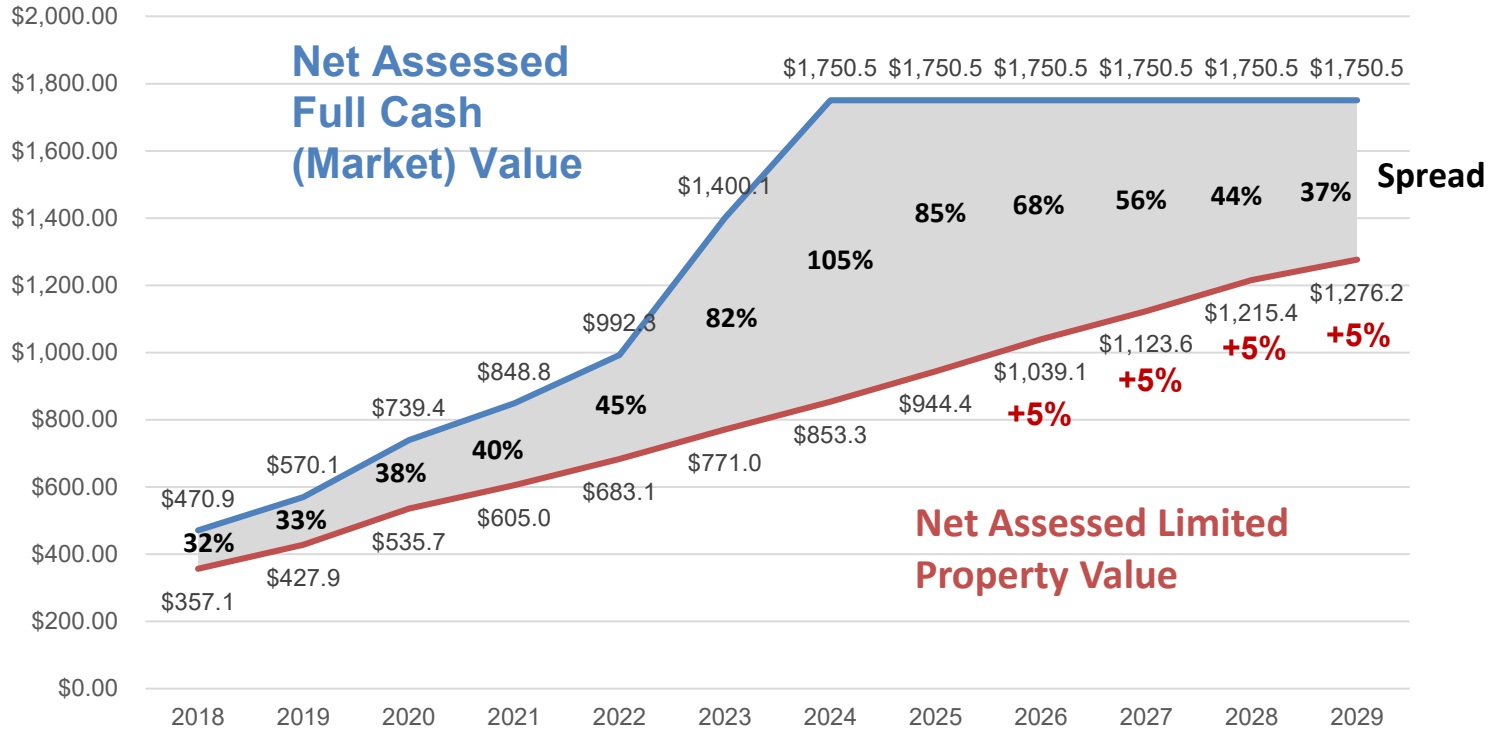
# How is the “Freeze” Possible?

- QC’s Significant Growth is the Cumulative Effect of Town Council’s Policy Decisions
  - Population, Size of Budget, Property Assessed Value
- Assessed Value Reflects the Financial Investment in QC
  - Assessed Value has **Increased \$670M (366%)** since the Low of FY 2013-14
- Full Cash Value (Market) is Far in Excess of Limited Cash Value (Used for Property Taxes)
  - Detailed on Next Slide





# Property Tax Assessed Valuation Will Continue to Increase at 5% Annually



Excluding new construction, LPV grows by 5% even if FCV remains unchanged

# “Freeze” Policy

Effective July 1, 2023, Created a New Primary Property Tax Policy

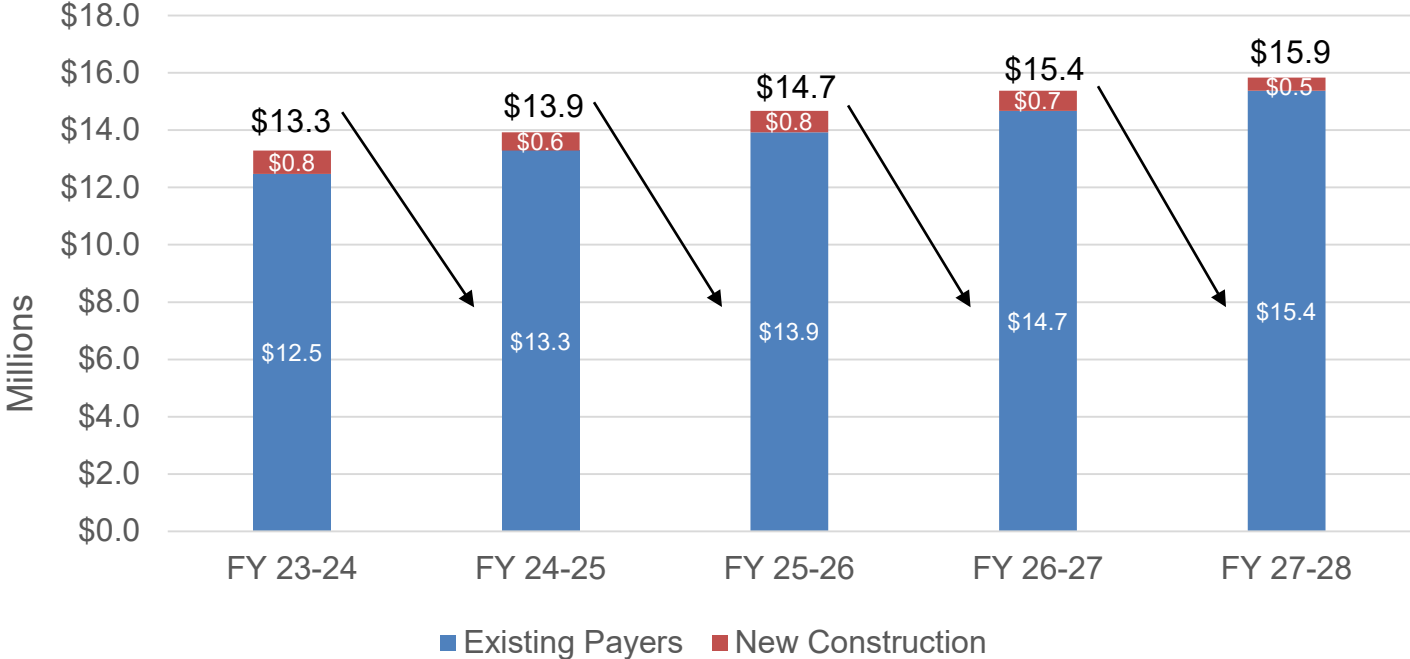
1. Property Taxes Will be Received from New Construction
2. Maintains (“Freezes”) Primary Property Taxes for Existing Customers for Five Years
3. Property Taxes for Existing Taxpayers Will Be Set at the Truth In Taxation Levy Rate (TNT) Annually if Both of the Following Conditions Exist:
  - A. The Levy Rate Exceeds \$1.40 **AND**
  - B. The Amount of Property Taxes is 20% or Higher of Public Safety Expenses



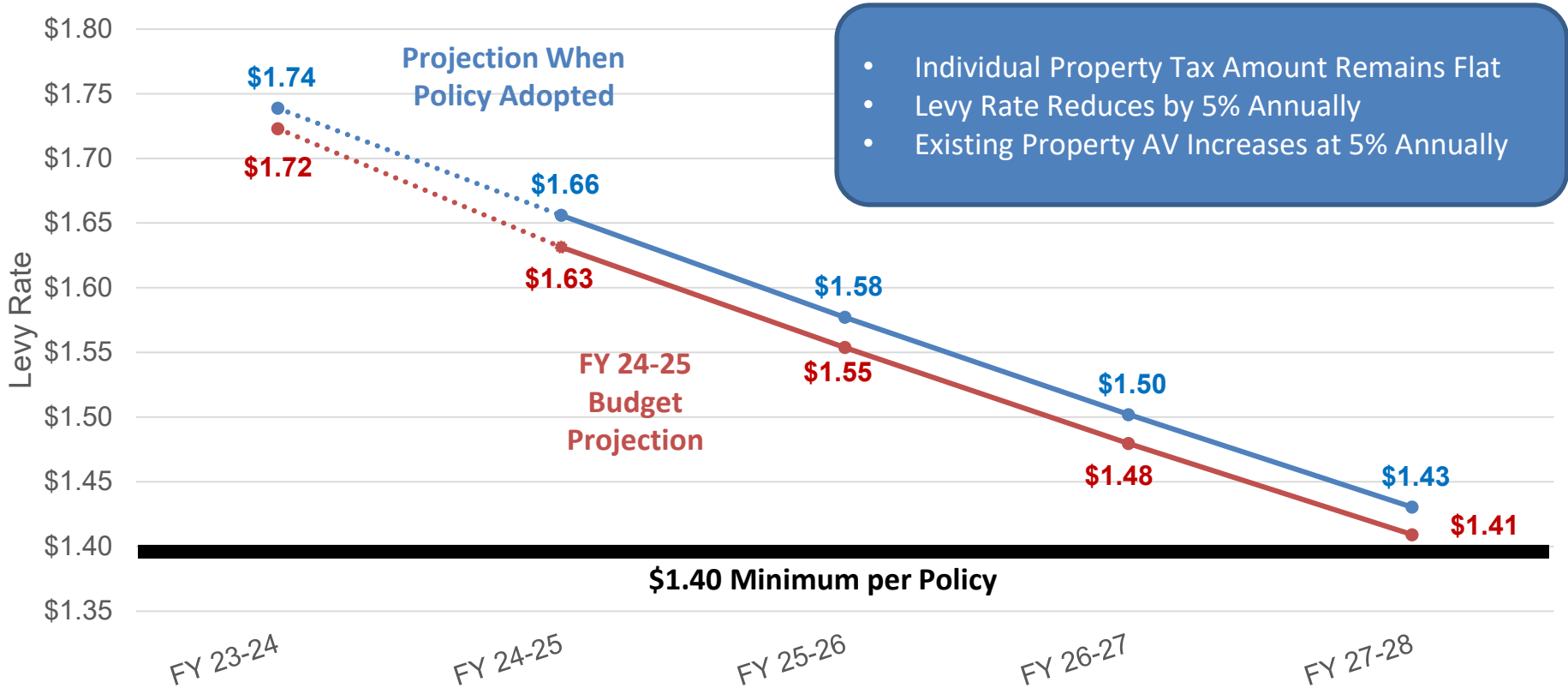


# Property Tax Projection Under “Freeze” Policy

*Property Tax Revenues Increase Only by New Construction, Not from Existing Properties*



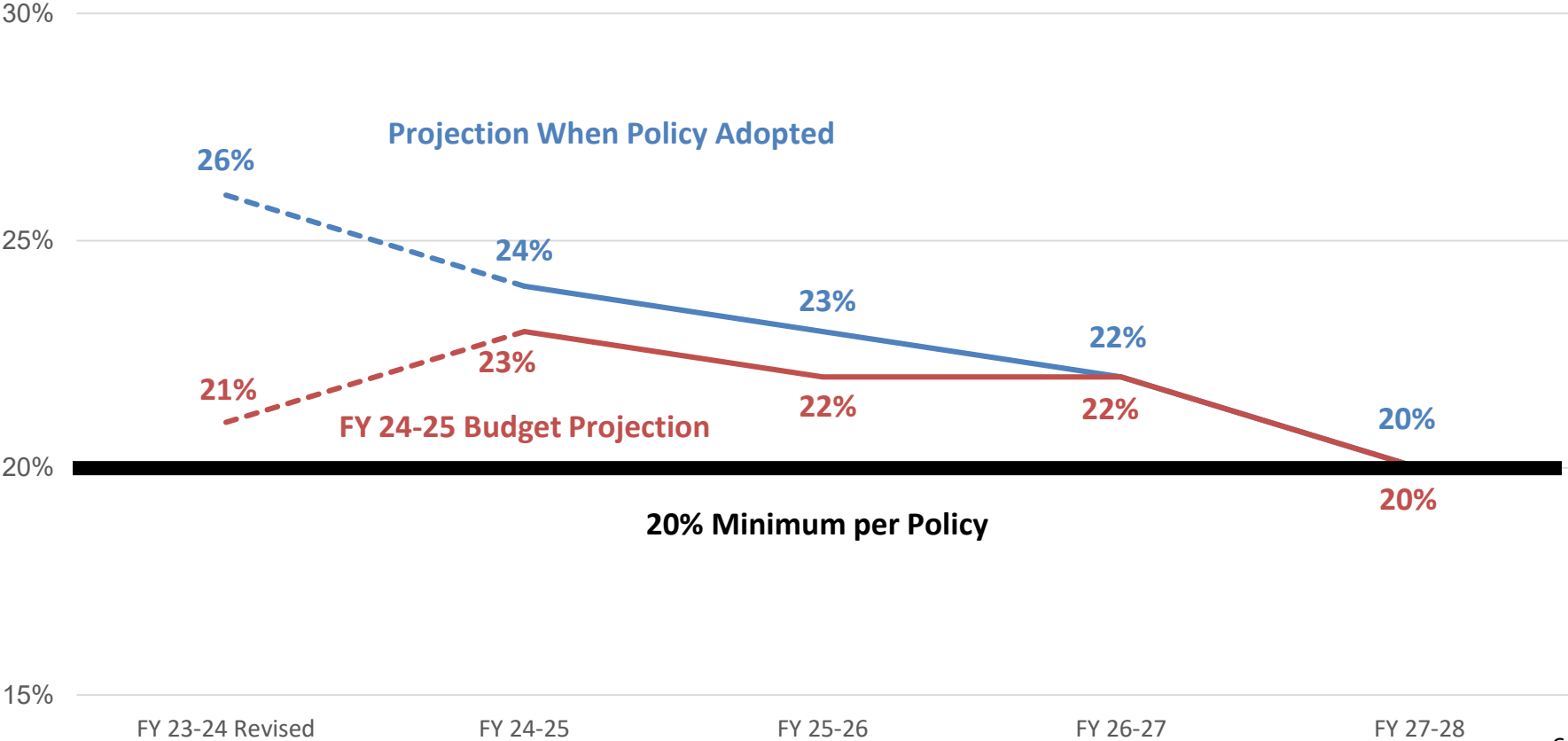
# Levy Rate Projection\*



\*Voter Approved Legal Maximum is \$1.95



# Percent of Expenses Covered by Property Taxes

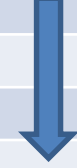


# Example: Property Tax “Freeze”

(Median Value Home)



	Assessed Value (+5% Annually)	Levy Rate (-5% Annually)	Property Tax
FY 24-25	\$265K	\$1.63	\$434
FY 25-26	\$279K	\$1.55	\$434
FY 26-27	\$293K	\$1.48	\$434
FY 27-28	\$307K	\$1.41	\$434



No Change

# “Freezing” Property Taxes

## Breakout of FY 24-25 Taxes

	Number of Taxpayers	FY 24-25 Taxes
FY 23-24 Taxpayers	~33K	\$13.3M (No Change)
New FY 24-25 Taxpayers	<u>~1K</u>	<u>\$0.6M (New)</u>
Total	~34K	\$13.9M

## Estimated Taxpayer Savings

(As Compared to Voter Approved Maximum)

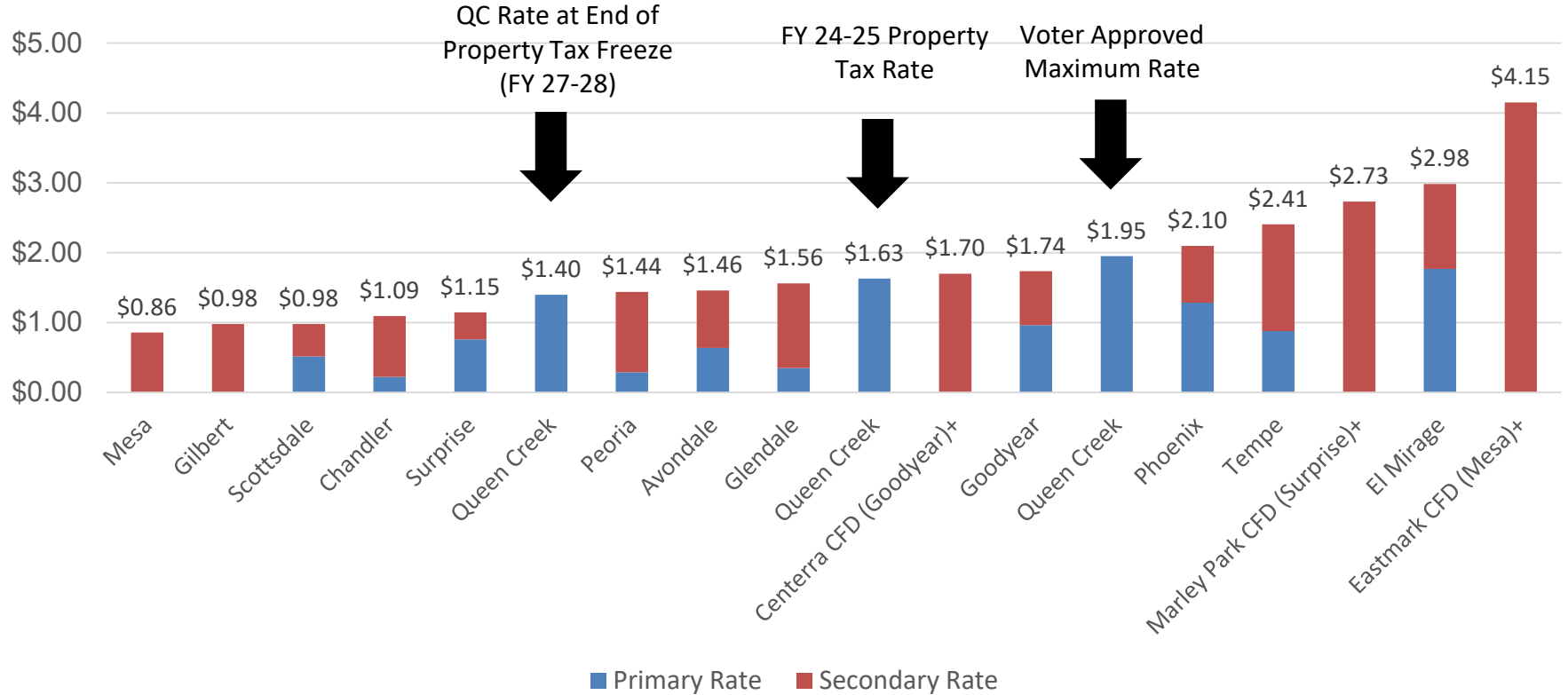
	Voter Approved Maximum	“Freeze” Amount	Savings \$ (-%)
FY 2024-25	\$16.6M	\$13.9M	\$2.7M (-16%)
FY 2027-28 (5th Year)	\$21.9M	\$15.8M	\$6.1M (-28%)
5-Year Cumulative	\$92.3M	\$73.1M	\$19.8M (-21%)



# Property Taxes: All Property Types (34K Parcels) FY 24-25: \$13.9M



# FY 24-25 Property Tax Comparisons\*



Community Facility Districts (CFD) shown are in addition to the city property tax

\*Many cities are currently in the process of setting the FY 24-25 rates and this represents the most updated information available.



# ***Operating Expense Projections***



# FY 24-25 Expense Highlights



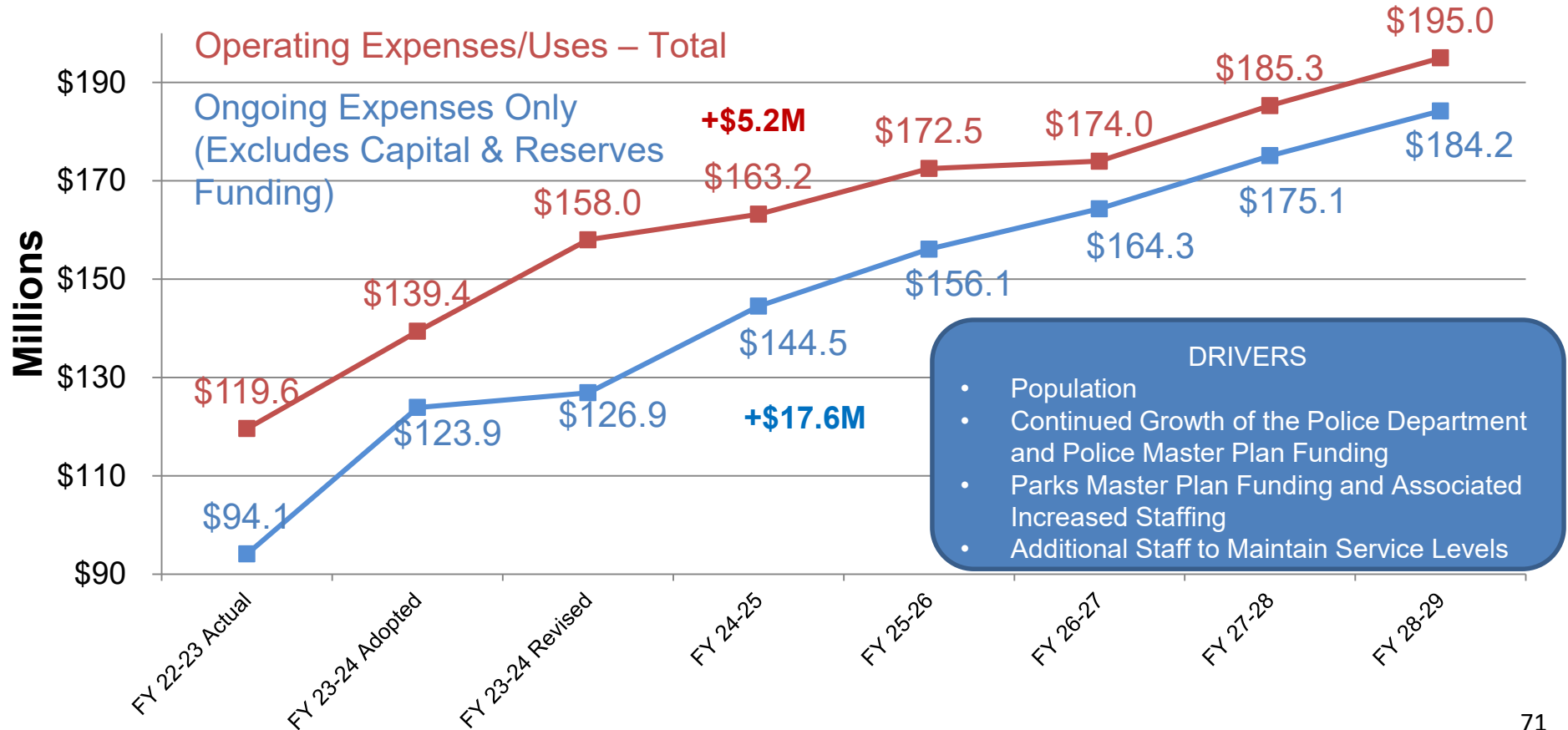
## 1. Notable Department Growth

- Police
- Fire
- Transportation
- Parks and Recreation

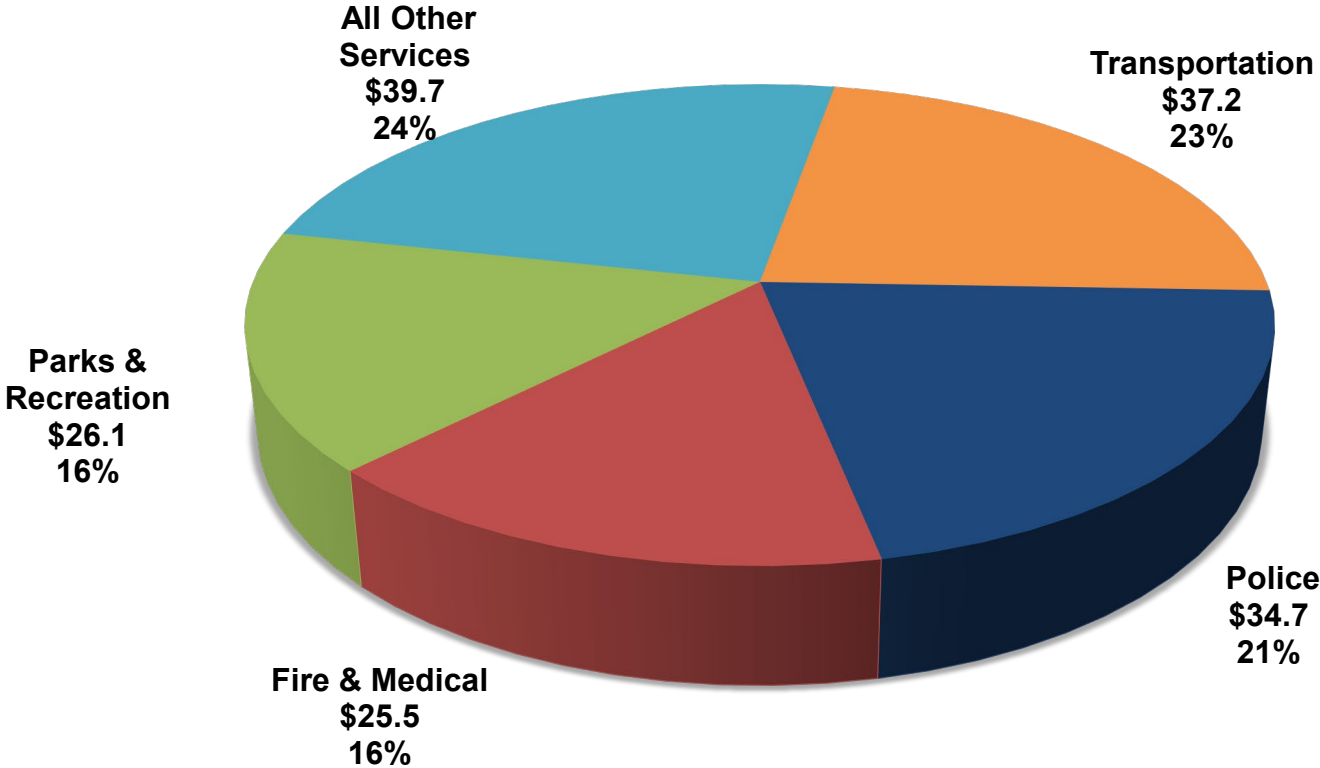
## 2. Maintain Existing Service Levels Elsewhere with Staffing Increases

## 3. Creates New Infrastructure Reserve from One-Time Construction Sales Tax Revenues

# 5-Year Operating Budget Expenses/Uses

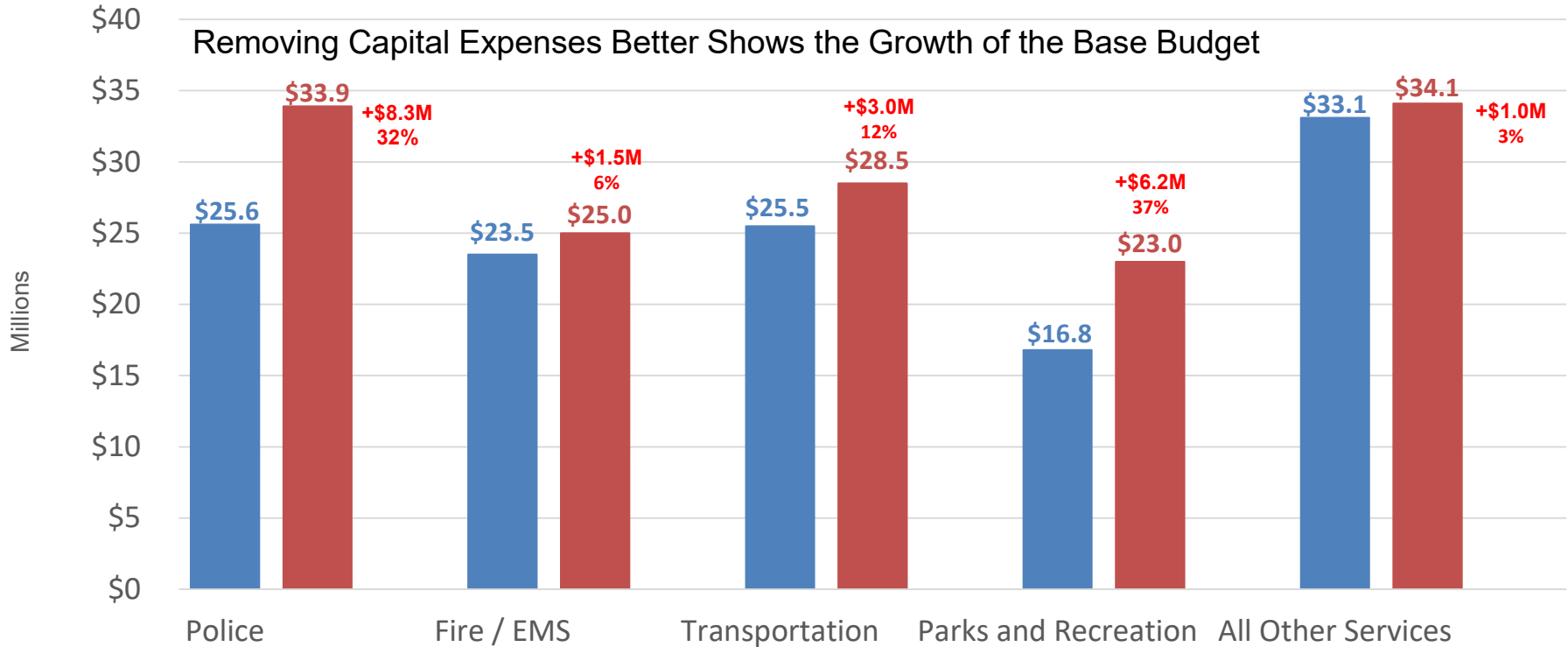


# FY 24-25 OPERATING EXPENSES / USES: \$163.2M (BY PROGRAM)



# PROGRAM EXPENSE COMPARISON\*

## FY 23-24 vs. FY 24-25



\*Excludes Capital

# PD and Related Expense Increase: \$9.0M

	FY 23-24 Budget	FY 24-25 Increase	FY 24-25 Total
Personnel	\$16.6M (110 FTEs)	\$7.4M (+48 FTEs)	\$24.0M (158 FTEs)
Operations (Dispatch & Evidence Services, Uniforms, Guns/Ammo, Fuel & Vehicle Maintenance, Software, Training)	<u>\$9.0M</u>	<u>\$0.9M</u>	<u>\$9.9M</u>
<b>Total – Direct PD Operating (Excludes Capital)</b>	<b>\$25.6M</b>	<b>\$8.3M</b>	<b>\$33.9M</b>
Indirect Expenses (Fleet, IT and HR Positions)		<u>\$0.7M</u>	
<b>Total FY 24-25 Increase Attributable to PD</b>		<b>\$9.0M</b>	

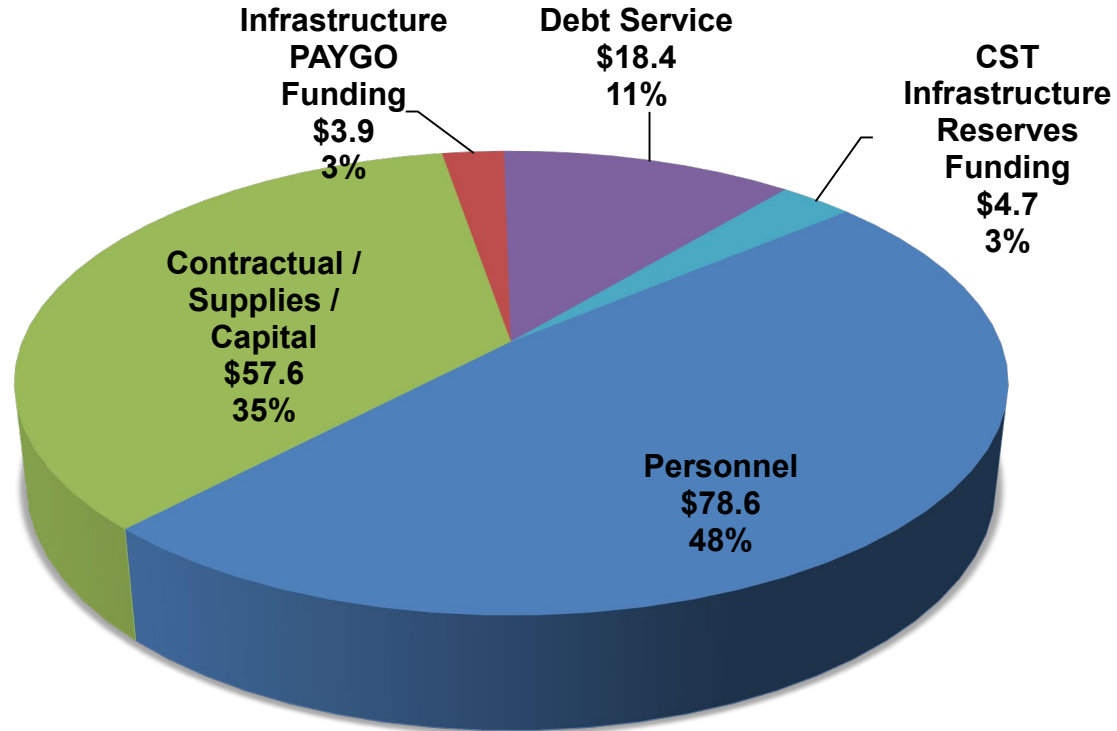
# Parks & Recreation and Related Expense Increase: \$7.3M

	FY 23-24 Budget	FY 24-25 Increase	FY 24-25 Total
Personnel	\$6.0M (60.43 FTEs, 23,000 PT Hours)	\$3.2M (+7 FTEs, +100,000 PT Hours)	\$9.2M (67.43 FTEs, 123,000 PT Hours)
Operations (Supplies, Software, Chemicals, Maintenance, Utilities, Vendor & Contractor Services)	<u>\$2.0M</u>	<u>\$2.6M</u>	<u>\$4.6M</u>
Total – Operating (Excludes Capital & Debt)	\$8.0M	\$5.8M	\$13.8M
Debt Service on Parks & Recreation Facilities	<u>\$8.8M</u>	<u>\$0.4M</u>	<u>\$9.2M</u>
<b>Total – Direct Expense (Excludes Capital)</b>	<b>\$16.8M</b>	<b>\$6.2M</b>	<b>\$23.0M</b>
Indirect Expenses (Facilities, IT, HR, and Finance Positions)		<u>\$1.1M</u>	
<b>Total FY 24-25 Increase Attributable to Parks &amp; Recreation</b>		<b>\$7.3M</b>	

Expected Revenues from Recreation and Aquatic Center: \$2M to \$4M



# FY 24-25 OPERATING EXPENSES / USES: \$163.2M (BY CATEGORY)



# Key Expense Changes FY24-25: +\$12.5M



Item	Amount
Public Safety Personnel Changes - 55 new FTE (48 PD, 7 Fire)	\$8.6M
New Rec / Aquatic Center – 7 new FTE plus Operation Costs	\$4.2M
Employee Compensation (4% Market + Merit Increases + Benefits)	\$2.3M
Other Personnel Changes – 17 (excluding Recreation/Aquatics)	\$1.8M
Supplies and Equipment for new Police FTEs	\$1.3M
Software, Supplies and Equipment for Other New FTEs	<u>\$0.4M</u>
<i>Subtotal – Expense Increase to Annual Budget</i>	<i>\$18.6M</i>
Lower Capital Equipment Expenses (long-lead items funded in FY 23-24)	<u>(\$6.1M)</u>
<b>Total Expense Increases</b>	<b>\$12.5M</b>

# FY 24-25 Operating Expenses



Category	FY 23-24 Revised Budget	FY 24-25 Recommended Budget	\$ Change	% Change
Personnel	\$63.3M	\$78.6M	\$15.3M	24%
Contractual and Supplies	\$60.2M	\$57.6M	(\$2.7M)	(4%)
Contingency	<u>\$0.1M</u>	<u>\$ - M</u>	<u>(\$0.1M)</u>	<u>(100%)</u>
<i>Subtotal Expenses</i>	\$123.7M	\$136.2M	\$12.5M	10%
Transfers Out:				
Infrastructure Funding	\$7.6M	\$3.9M	(\$3.7M)	(49%)
Debt Service	<u>\$17.1M</u>	<u>\$18.4M</u>	<u>\$1.3M</u>	<u>8%</u>
<i>Subtotal Transfers Out</i>	\$24.7M	\$22.3M	(\$2.4M)	(10%)
<b>Total Uses (Expenses &amp; Transfers Out)</b>	<b>\$148.4M</b>	<b>\$158.5M</b>	<b>\$10.1M</b>	<b>7%</b>
CST Infrastructure Reserve Funding	\$8.1M	\$4.7M	(\$3.4M)	(42%)
Road Replacement Reserve Funding	<u>\$1.5M</u>	<u>\$ -</u>	<u>(\$1.5M)</u>	<u>(100%)</u>
<b>Total Uses with Reserves Funding</b>	<b><u>\$158.0M</u></b>	<b><u>\$163.2M</u></b>	<b><u>\$5.2M</u></b>	<b><u>3%</u></b>



# 6. Other Budgets

# Utility Funds

- Rate Funded (“Businesses”)
  - Rate Study Underway
1. Water Fund
    - Operating Expenses: \$47.7M
  2. Wastewater Fund
    - Operating Expenses: \$12M
  3. Solid Waste / Recycling
    - Operating Expenses: \$5.4M



# Healthcare Fund

- The Town is Self-Funded for Healthcare Costs
- Revenues: \$11.3M
  - Employer Cost Increase of 5%
  - No Change to Employee Premiums
- Claims/Costs: \$11.3M







# 7. Infrastructure Budgets

# Aggressive Infrastructure Construction Continues...

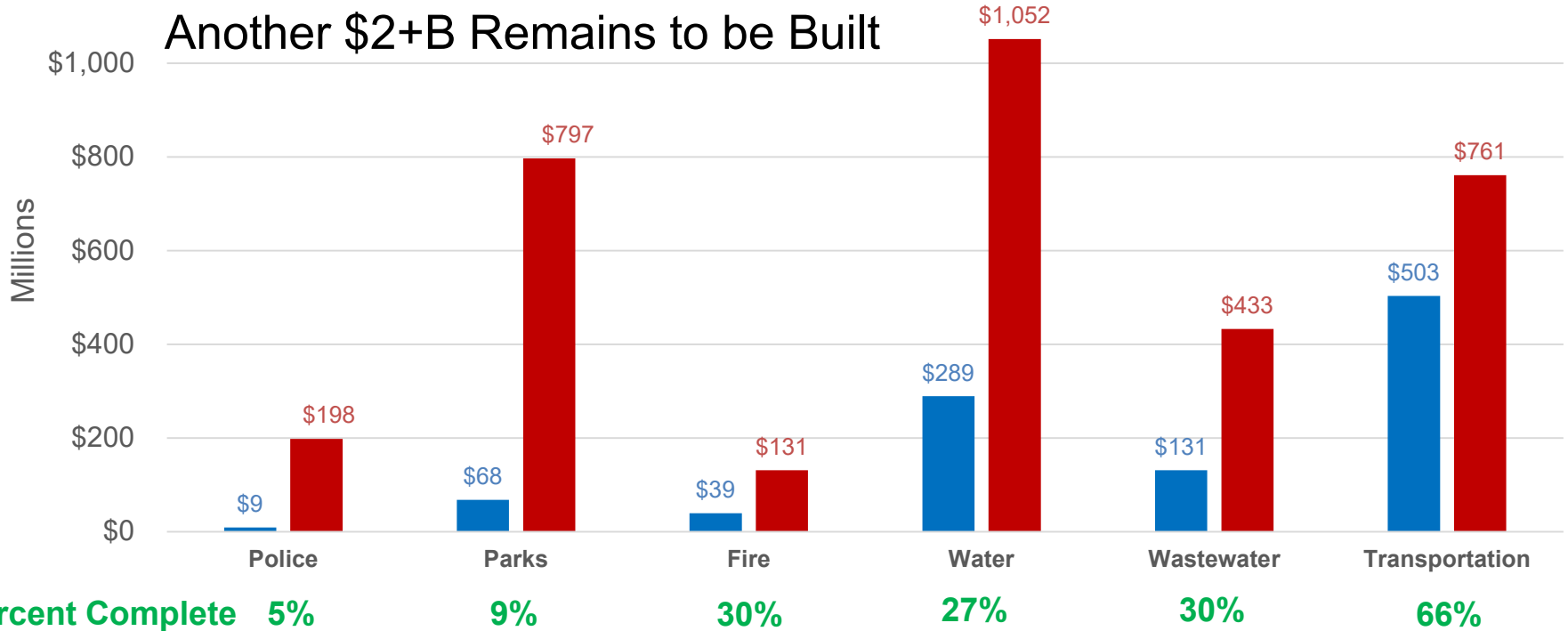


- Public Safety (Police and Fire & Medical)
- Transportation
- Water Supply Acquisition
- Water and Wastewater System
- Parks and Trails

# “Building a Town”

## Today’s Valuation (\$1B) vs. Buildout (\$3.3B)\*

Our Infrastructure is About 1/3 Complete  
Another \$2+B Remains to be Built



\*Best Estimate Available

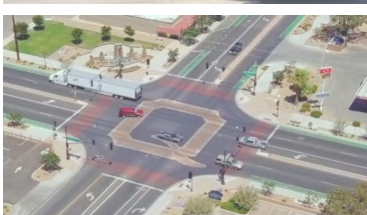
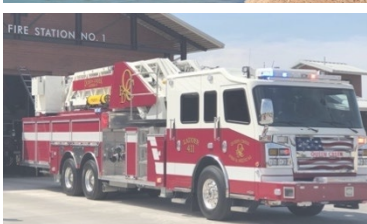
# New Infrastructure Estimate: \$1.3B\*



	Years 1 - 5	Thereafter	Total
Police	\$106M	\$80M	\$186M
Fire	\$48M	\$40M	\$88M
Transportation	\$189M	\$53M Pending Master Plan Update	\$242M
Parks	\$117M	\$129M	\$246M
Water	\$258M	\$123M	\$381M
Wastewater	<u>\$142M</u>	<u>\$40M</u>	<u>\$182M</u>
<b>Total</b>	<b>\$860M</b>	<b>\$465M</b>	<b>\$1.3B</b>

\*Best Estimate Available

# Infrastructure Budget Summary



	Projects Under Contract	Priority Projects (1)	New Projects	FY 24-25 Recommended Budget
Transportation	\$54.1M	\$55.6M	-	\$109.7M
Parks and Trails	-	\$73.3M	-	\$73.3M
Police	-	\$54.0M	-	\$54.0M
Water	\$10.4M	\$35.9M	-	\$46.3M
Water Resources	-	\$40.0M	-	\$40.0M
Wastewater	\$4.8M	\$20.2M	-	\$25.0M
Fire	-	\$15.1M	-	\$15.1M
Municipal Facilities	\$0.9M	\$9.5M	-	\$10.4M
Contingencies	<u>-</u>	<u>-</u>	<u>\$50.0M</u>	<u>\$50.0M</u>
<b>Total Infrastructure</b>	<b>\$70.2M</b>	<b>\$303.6M</b>	<b>\$50.0M</b>	<b>\$423.8M</b>

(1) See next slide

# Large Priority Projects



	FY 24-25 Recommended Budget
<b>Parks Master Plan Phase I Projects</b>	\$73M
<b>State Lands Infrastructure (Roads, Water, Wastewater)</b>	\$66M
<b>Police Master Plan / Joint PD-Fire Facility</b>	\$52M
<b>Water Resources</b>	\$40M
<b>Water / Wastewater Projects Funded by Pinal County</b>	\$31M
<b>PD Master Plan Improvements w/ Fleet Expansion</b>	<u>\$26M</u>
<b>Total</b>	<b>\$288M</b>





# Street Infrastructure: \$109.7M

- Carry Forward: State Lands \$54.1M
- Other Projects: \$55.6M
  - Power: Chandler Heights to Riggs: \$11.8M
  - Ocotillo: Sossaman to Hawes \$8.9M
  - Ellsworth/Cloud Improvements: \$6.6M
  - Town Center Project: \$5.6M
  - Meridian: QC Rd to Germann: \$5.3M
  - Traffic Signals (5): \$4.9M
  - 220<sup>th</sup> St: Ryan Rd to QC Rd: \$1.9M

# Parks and Trails Infrastructure: \$73.3M

- Carry Forward (Parks): \$73.2M
  1. Recreation / Aquatic Center: \$48.9M
  2. Frontier Family Park: \$21.0M
  3. Mansel Carter Park Phase 2: \$2.8M
  4. FFP Drainage: \$0.5M
- Carry Forward (Trails): \$0.1M
  1. Sonoqui Wash (Crismon to Hawes): \$90K
  2. QC Wash Design (Crismon to Rittenhouse): \$59K





# Water Infrastructure: \$46.3M

## Water Resources: \$40M

- Infrastructure: \$46.3M
  - Pinal County ARPA Funded Projects (Carry Forward): \$24.6M
  - State Lands (Carry Forward): \$6.4M
  - Frontier Family Park Lake/Water Lines (Carry Forward): \$3.1M
  - Other Projects: \$12.2M
    - Harvest Tank & Site: \$3.0M
    - Schnepf Rd: Combs to Hashknife: \$2.2M
    - Diversified Well 4: \$1.5M
- Carry Forward: Water Resources \$40M

# Police Infrastructure: \$54.0M

## Projects

1. Public Safety Facility (Carry Forward): \$37.1M
2. Fleet Facility Expansion (PD Share): \$12.2M
3. Police HQ Expansion (Complex 2) Design: \$3.0M
4. Police Equipment/Vehicles: \$1.3M
5. Radio Towers Design: \$400K



# Wastewater: \$25M

- Carry Forward
  - Pinal County ARPA Projects: \$9.8M
  - State Lands: \$8.4M
  - Frontier Family Park: \$0.4M
- Other Projects: \$6.4M
  - Rittenhouse @ UPRR: \$2.6M
  - Gravel Pit and Recharge Projects: \$1.9M
  - Treatment Plant Expansion Starting





# Fire / Medical Infrastructure: \$15.1M

## Projects

1. Carry Forward: Public Safety Facility \$14.6M
2. Ambulance Purchase: \$0.5M





# Municipal Facilities: \$9.5M

## Projects

1. Fleet Facility Expansion (Non-PD Share): \$9.5M





# 8. Debt Budgets

# Current Bond Rating



- Current Rating: 'AA+' (S&P and FitchRatings)
- Last Rating Increase: March 2022
- Rating Highlights
  - Stable and Diverse Revenue Base
  - Continued Strong Population Growth and Employment Gains Expected
  - Strong Arizona Economy and Connectivity to Phoenix-Metro Area

# Debt Management



- Debt is Only Used to Build Infrastructure
- Debt Accomplishes the Financial Objective of Spreading the Cost of Infrastructure over Multiple Generations of Taxpayers (Intergenerational Equity)
  - Public Finance is Different from Personal Finance
- Two Types of Debt
  1. General Government
  2. Water / Wastewater
- Debt is Paid Using Numerous Sources
  - Impact and Capacity Fees, Operating Budget, 2% Sales Tax Dedicated for Transportation, and Water and Wastewater Rates

# Outstanding Debt - Current



Purpose	Outstanding Amount 6/30/24	Annual Payment
General Government*	\$342.9M	\$23.4M
Water and Wastewater	<u>\$213.7M</u>	<u>\$13.5M</u>
<b>Total</b>	<b>\$556.6M</b>	<b>\$36.9M</b>

\* Police, Fire & Medical, Roads, Parks and Recreation Facilities, Horseshoe Park, and General Government Use Buildings.

# Assets vs. Debt

The schedule below shows Outstanding Debt in the Context of Total Infrastructure at June 30, 2023

Infrastructure	Types of Assets	Assets	Outstanding Debt	Outstanding Debt as a Percent of Assets
General Government	Roads, Land, Buildings, Vehicles	\$964M	\$343M	35%
Water, Wastewater, and Solid Waste	Land, Water Rights, Buildings, Pipes, Storage Tanks, Wastewater Treatment Plant	\$490M	\$214M	44%



# Outstanding Debt: General Government

Purpose	Outstanding Amount 6/30/25	% of Total
Transportation <sup>(1)</sup>	\$197.8M	41%
Parks <sup>(1)</sup>	\$161.7M	34%
Police <sup>(1)</sup>	\$51.5M	11%
Fire <sup>(1)</sup>	\$37.0M	8%
Town Buildings	\$16.7M	3%
Library	\$3.7M	1%
Recreation Annex	\$3.2M	1%
HPEC	<u>\$2.9M</u>	<u>1%</u>
<b>TOTAL</b>	<b>\$474.5M</b>	<b>100%</b>

(1) Includes \$140M new debt expected to be issued in FY 2024-25 (\$33M for Transportation, \$33M for Parks, \$50M for PD, \$10M for Fire, and \$14M for Town Facilities).

# Annual Debt Payments: General Government

Funding Source	FY 24-25 Payment	% of Total Payment
Operating Budget	\$18.4M	79%
Dedicated Transportation Sales Tax	\$1.5M	6%
Fire Impact Fees	\$1.1M	5%
Transportation Impact Fees	\$0.9M	4%
Parks Impact Fees	\$0.5M	2%
Town Center Sales Tax	\$0.3M	1%
Town Building Impact Fees	\$0.3M	1%
Law Enforcement Impact Fees	\$0.2M	1%
Library Impact Fees	<u>\$0.2M</u>	<u>1%</u>
<b>TOTAL</b>	<b>\$23.4M</b>	<b>100%</b>

# Annual Debt Payment: Operating Budget

Purpose	FY 24-25 Payment	% of Total Payment
Parks	\$8.6M	47%
Transportation	\$7.9M	43%
Fire	\$0.8M	4%
Recreation	\$0.4M	2%
Town Buildings	\$0.3M	2%
HPEC	\$0.2M	1%
Library	<u>\$0.2M</u>	<u>1%</u>
<b>TOTAL</b>	<b>\$18.4M</b>	<b>100%</b>

# Outstanding Debt: Water and Wastewater

Purpose	Outstanding Amount 6/30/25	% of Total
Water – Water Resources	\$131.8M	45%
Water – CIP Infrastructure Projects	\$72.2M	24%
Water – Company Acquisitions	\$58.4M	20%
Wastewater – CIP Infrastructure Projects	\$30.4M	10%
Wastewater – Treatment Plant	<u>\$1.4M</u>	<u>0.5%</u>
<b>TOTAL</b>	<b>\$294.2M</b>	<b>100%</b>

# Annual Debt Payment: Water and Wastewater

Purpose	FY 24-25 Payment
Water – Company Acquisitions	\$4.7M
Water – Water Resources	\$4.1M
Water – CIP	\$3.4M
Wastewater – CIP	\$0.9M
Wastewater – Treatment Plant	<u>\$0.4M</u>
<b>TOTAL</b>	<b>\$13.5M</b>



# 9. Contingency Budgets



# Contingency Budgets



Purpose	Description	Amount
1. New Construction Projects	Expenditure authority for new projects or unanticipated CIP costs	\$50.0M
2. Grants Contingency	Expenditure authority for potential receipt of grants for PD, Traffic, Streets, and Trails	\$5.0M
3. Carry-Forward for Long-Lead Items and Other Items	Expenditure authority for vehicles, equipment, projects and materials ordered in FY 23-24 but will not be received or completed until FY 24-25	\$15.4M
4. Development Agreements	Expenditure authority for anticipated expenses required by development agreements (LG, Vestar, and Earnhardt)	\$20.8M
5. Operating Contingencies	Expenditure authority for unanticipated operating costs in the Operating Budget and Utility Funds (approximately 3% of budgeted expenses)	<u>\$6.0M</u>
	<b>Total FY 24-25 Contingencies</b>	<b><u>\$97.2M</u></b>



# 10. FY 24-25 Remaining Policy Issues

# Remaining Policy Decisions



1. **NEW POLICY:** Create an Operating Budget Fund Balance Policy (Liquidity Ratio)
2. **NEW POLICY:** Annual Capital Expenses in Excess of \$5M in the Operating Budget will be Funded from Available Fund Balance
3. Recommendation to Use \$37.7M of Available Operating Budget Fund Balance
4. Update Purchasing Policy
5. Town Center Fund Sales Tax Sunset

# 1. Operating Budget Fund Balance Policy (Liquidity Ratio)

## Purpose

- Measures Resources Available to Pay for Operating Budget “Recurring Expenses”
- Criteria Used by the Bond Rating Agencies

## Liquidity Ratio Calculation

- Recurring Expenses Divided by Operating Budget Fund Balance
- Recurring Expenses are Operating Budget Expenses (Excluding Capital Outlay, CIP Pay-As-You Go, Contingency and Funding of Reserves)



# 1. Operating Budget Fund Balance Policy (Liquidity Ratio) (continued)

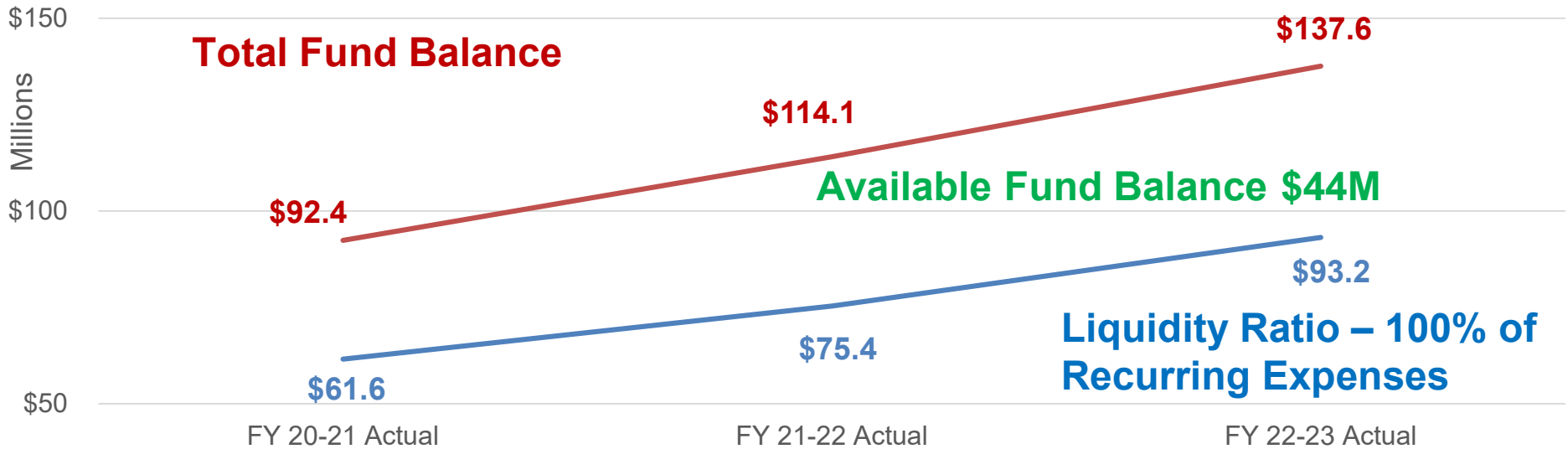
## NEW POLICY

- Operating Budget Fund Balance Should be at least 100% of Recurring Expenses for the Upcoming Budget Year
  - Each Year of the 5-Year Forecast (This will take time)
- The Excess Amount Over 100% is “Available Fund Balance” and Can Only Be Used for One-Time Expenses
  - Minimum Available Fund Balance Requirement: \$5M
  - June 30, 2023 Available Fund Balance: \$39M (\$44M - \$5M)





# 1. Operating Budget Fund Balance (Liquidity Ratio) (concluded)



	FY 20-21	FY 21-22	FY 22-23
Recurring Expenses	\$61.6 M	\$75.4M	\$93.2M
Fund Balance	\$92.4M	\$114.1M	\$137.6M
Liquidity Ratio	150%	151%	148%
Available Fund Balance	\$31M	\$39M	\$44M



## 2. Funding of Operating Budget Capital in Excess of \$5M

### NEW POLICY

- Capital Expenses in the Operating Budget in Excess of \$5M Will Be Paid from Available Fund Balance
  - Example: \$15M Total Capital Expenses, \$5M from Current Year Operating Revenues, \$10M from Available Fund Balance

### PURPOSE

- Capital Expenses are One-Time (i.e. Fire Trucks, Police Cars, Other Vehicles, Major IT, etc.)
- The Operating Budget can Support Annual Capital Expenses of \$5M from Current Year Revenues
- Capital Expenses can be Significant in Any One Year
- When Significant, these Expenses Compete with Increases to the Operating Base Budget (i.e. New Positions), Causing those Expenses to be Delayed



### 3. Recommendation to Use \$37.7M of Available Fund Balance

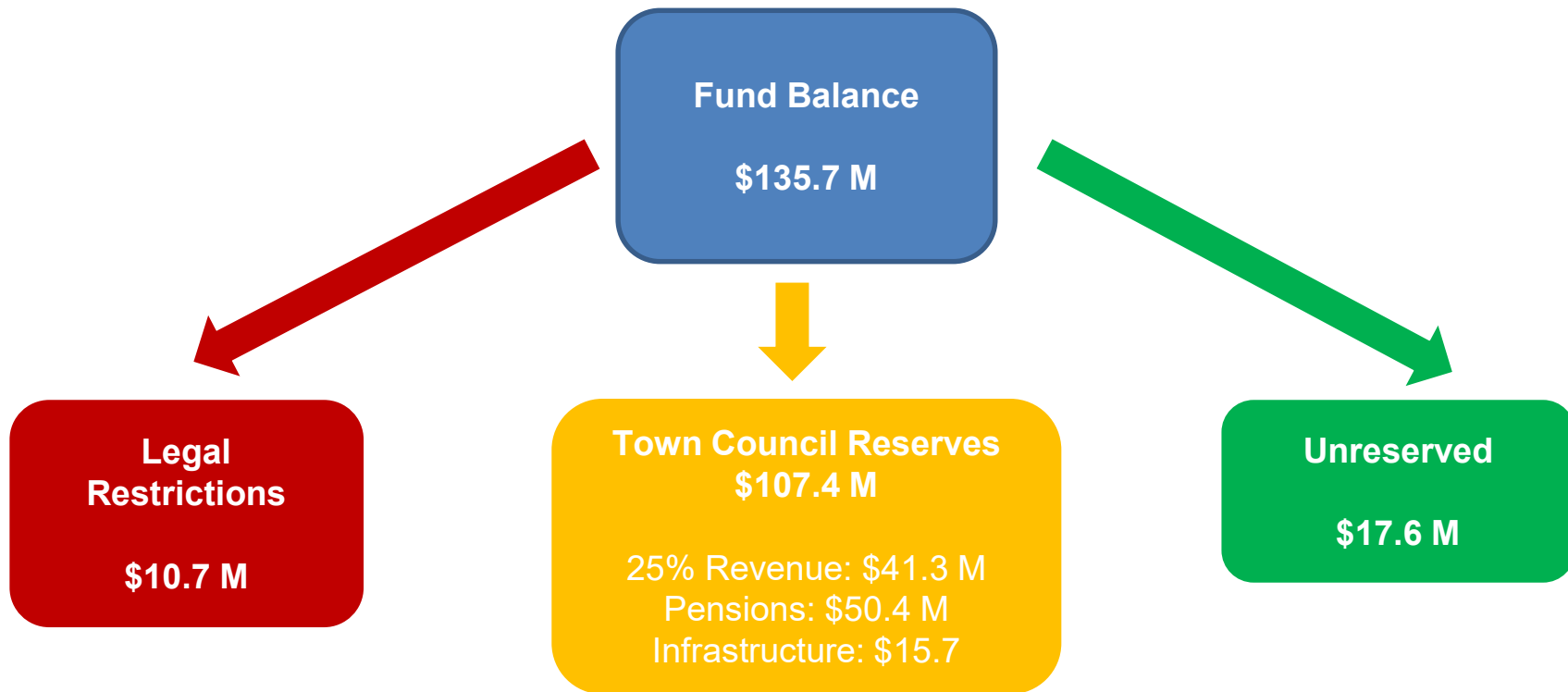


Purpose	Amount	
Maintain Reserves		
1. Fire Pension (PSPRS)	\$1.4M*	
2. Increase ASRS Reserve	\$9.0M*	
3. Maintain 25% Revenue Reserve	<u>\$4.1M*</u>	\$14.5M Maintain Reserves
4. Capital Expenses in Excess of \$5M		<u>\$23.2M*</u>
<b>Total Uses (RECOMMENDATION)</b>		<b>\$37.7M</b>
Amount Available		\$39.0M

\* Amount Needed at June 30, 2025 (2-year amounts)

# Operating Fund Balance: \$135.7M

## (June 30, 2025)





## 4. Update Purchasing Policy

Discussed with the Town Council December 6, 2023

### Objectives

- Maximize purchasing value of public funds
- Speed up the process
- Reduce staff time spent on procurement
- Encourage more competition to get better pricing
- Respond to inflation and market conditions
- Identify opportunities to be more strategic
- Develop efficiencies to manage growth



## 4. Update Purchasing Policy (continued)

1. Updated and modernized policy language:
  - Definitions
  - Federal funding requirements
  - Single Source, Sole Source, Competition Impractical
  - Protest Policy
  - Exempt Procurements
  - Good and Services Procurement
  - Conflicts of Interest
2. Recommended Changes to Thresholds for Quotes, Bids, and Signature Authority



# 4. Update Purchasing Policy (continued)

## Summary of Recommendations

### Quotes and Formal Solicitations

APPROACH	CURRENT	RECOMMENDED
Direct Select / "Best Value"	\$0 - \$4,999	\$0 - \$10,000
Minimum Three Verbal Quotes	\$5,000 - \$9,999	N/A
Minimum Three Written Quotes	\$10,000 - \$24,999	\$10,001 - \$50,000
NEW - Procurement Competitive Quote	N/A	\$50,001 - \$100,000
Formal Solicitation	\$25,000 and Above	\$100,001 and above

### Contract Signature Authority

APPROACH	CURRENT	RECOMMENDED
NEW - Department Directors	N/A	\$0 - \$50,000
Town Manager	\$0 - \$24,999	\$50,001 - \$100,000
Council Approval	\$25,000 and Above	\$100,001 and above







## 4. Update Purchasing Policy (continued)

### Contract Signature Authority Thresholds

- Does Not Change the Procurement Process Prior to Signature

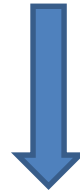
- Quotes / Bids Received
- Department Staff Review
- Procurement Review
- Legal Review

Up to \$50,000



Director

\$50,001 - \$100,000



Town Manager

\$100,001 and Above



Town Council



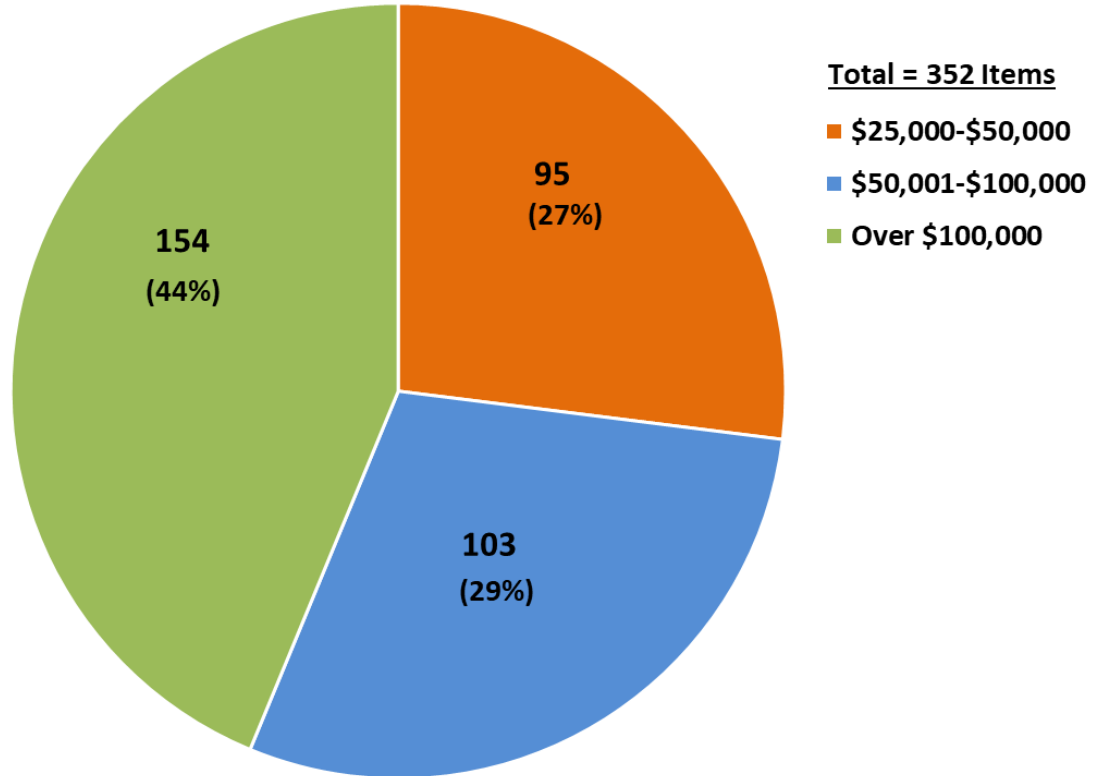
## 4. Update Purchasing Policy (continued)

### Contract Signature Authority Exceptions

- Items of Public Policy and Interest
- Items where contract does not provide direct services to the Town
  - League of Arizona Cities and Towns
  - Greater Phoenix Economic Council (GPEC)
  - Chamber of Commerce
  - Tourism / Visit Mesa
  - Phoenix-Mesa Gateway Airport
  - Performing Arts Center
  - Nonprofit Contributions
  - Legislative Affairs
- These items will continue to be presented to the Town Council for approval regardless of dollar amount

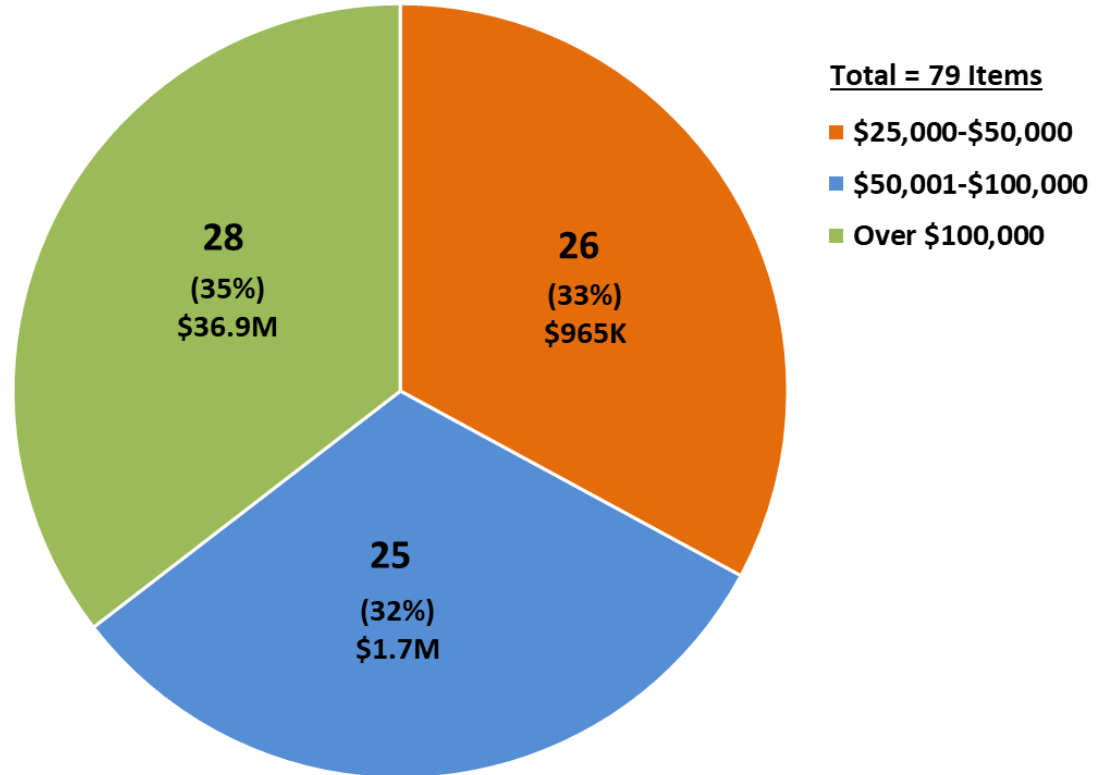
# Contract Signature Authority

FY 22-23 All Town Council Approvals Over \$25,000



# Contract Signature Authority (continued)

FY 24-25 YTD All Town Council Approvals Over \$25,000



## 4. Update Purchasing Policy (continued)

### Council Approved Items Up to \$50,000

#	Date	Department	Vendor	Description	Amount
1	3/20/2024	Finance - Customer Service	Harris Computer Corporation	CIS Licenses	\$8,000
2	3/20/2024	Information Technology	Apple	Apple Computer and iPad Equipment Purchases	\$15,000
3	2/7/2024	CIP	WSP USA, Inc.	Additional Design Services	\$23,100
4	8/2/2023	CIP	Lee Engineering LLC	Traffic Signal Design Engineering Services	\$27,390
5	11/1/2023	Communication & Marketing	Visit Mesa	Marketing Program	\$30,000
6	12/20/2023	Grounds	Holland Pump	Trash Pumps	\$30,000
7	1/17/2024	HPEC	Cross the Line Transportation	Removal of organic livestock waste material	\$30,000
8	2/7/2024	Town Manager	ClearComm Consulting, LLC	Public Communication, Presentations and Messaging Services	\$30,000
9	10/4/2023	Public Works/Facilities	Mid State Mechanical	Evaporative Cooler Replacement for HPEC	\$33,000
10	9/20/2023	Community Services/Grounds	Helena Chemical Co	Herbicide Supplies for Weed Control for Town-Wide Applications	\$35,000
11	3/6/2024	Fire & Medical	BoundTree Medical; McKesson Medical	Medical equipment and Supplies	\$35,000
12	1/17/2024	Comm. Svc/Public Works	Ghaster Painting	Painting Services	\$35,000
13	3/20/2024	Development Services	Wildan Engineering	Code Enforcement Services	\$36,000
14	12/20/2023	Grounds	Ghaster Painting	Painting Splash Pad Features	\$37,000
15	2/7/2024	Grounds	Foster Electric	Pump maintenance and repairs	\$40,000
16	8/2/2023	Utilities	Sunrise Engineering	Engineering Services for Barney Farms Well Site Blending Plan	\$40,026
17	3/6/2024	CIP	Queen Creek Irrigation District	Queen Creek Wash Trail Crismon to Rittenhouse	\$41,140
18	7/19/2023	Community Services/Grounds	Home Depot	Small Grounds Maintenance equipment and tools	\$45,700
19	2/29/2024	CIP	Y2K	Traffic signal study at Riggs Road and Harvest Lake Drive	\$45,743
20	12/20/2023	Fire & Medical	MHQ of Arizona	Vehicle Upfitting Cost	\$47,716
21	8/2/2023	Public Works/Traffic	Contractors West	ITS Components for Traffic Signals	\$50,000
22	10/4/2023	Public Works/Facilities	Progressive Roofing	Roofing Restoration for various Town Facilities	\$50,000
23	12/6/2023	Police	Safeware	Police Equipment Infrared Weapon Laser/Optics	\$50,000
24	12/20/2023	Utilities	URW, LLC	Landscape Maintenance	\$50,000
25	3/6/2024	Fire & Medical	LN Curtis	Personal & Respirator Protective Equipment, Firefighting Equipment Supplies	\$50,000
26	3/6/2024	Public Works/HURF	C&S Sweeping	Street Sweeping Services	\$50,000
				<b>Total</b>	<b>\$964,815</b>

# 4. Update Purchasing Policy (continued)

## Council Approved Items \$50,001 to \$100,000

#	Date	Department	Vendor	Description	Amount
1	11/15/2023	Police	Safeware	Night Vision Optics Related Equipment	\$52,000
2	10/18/2023	Finance	DebtBook	Debt and Lease Management System	\$54,000
3	10/18/2023	Police	Crash Data Group	Crash data retrieval tools & software	\$55,000
4	11/1/2023	Park & Recreation	Perry Eather	Lighting Detection System & Software for Existing Parks	\$55,000
5	2/7/2024	Information Technology	Engineering Wireless Services (EWS)	Wireless Consulting Service	\$55,600
6	9/6/2023	Fire & Medical	Sierra Auction	208 Pierce Quantum Ladder Truck	\$55,784
7	3/6/2024	Police	Foster & Freeman Forensic Science	Forensic Imaging Equipment	\$60,000
8	3/6/2024	Police	Aardvark	Body Armor/Police Equipment	\$60,000
9	1/17/2024	Fleet	NAPA	Vehicle Lifts	\$60,000
10	10/4/2023	Community Services/Grounds	Play It Safe	Resurfacing of Splash Pad at Founders Park	\$62,000
11	12/20/2023	CIP	WSP USA	Design Services-Wales Ranches	\$64,509
12	11/15/2023	Community Services/Grounds	Bingham	Replacement Infield Grooms for Ballfields	\$65,000
13	3/20/2024	Information Technology	CompuNet	Software Support, Equipment Purchase, Repair/Support Services	\$65,000
14	1/17/2024	Fire & Medical	EMS Mgt & Consultants	CPA for Billing Services	\$65,000
15	2/7/2024	Information Technology	DITO	Google Mail Platform Licensing	\$65,000
16	8/2/2023	HPEC	Empire Cat	Rental of CAT930K/M Wheel Loader	\$68,000
17	7/19/2023	Utilities	Sunrise Engineering	As-Needed, On-Call Project Order for engineering services	\$75,000
18	8/2/2023	Public Works/Fleet	Shields, Harper & Co.	Vehicle Fueling Hardware (AIMS Titanium)	\$75,000
19	3/6/2024	Police	Wist	Office Furniture & Equipment	\$75,000
20	3/20/2024	Informaiton Technology	Team Dynamix	Annual Support for IT Help Desk Management Solution	\$75,000
21	9/6/2023	Fire & Medical	Stryker	Medical Equipment for Patient Transport (MTS Power Load System & Video Laryn	\$77,712
22	8/2/2023	Economic Development	Saguaro Summit LLC, dba Christmas Lig	Holiday Lights and Decorations	\$85,000
23	1/17/2024	HPEC	Plan B Facility Services	Temporary Labor	\$90,000
24	1/17/2024	Information Technology	Vonage	Phone System and Service Upgrade	\$98,000
25	3/20/2024	Development Services	AZ Code Consultants	Building Plan Review & Inspection Services	\$100,000
				<b>Total</b>	<b>\$1,712,605</b>



# 4. Update Purchasing Policy Update (concluded)

## Summary of Recommendations

### Quotes and Formal Solicitations

APPROACH	CURRENT	RECOMMENDED
Direct Select / "Best Value"	\$0 - \$4,999	\$0 - \$10,000
Minimum Three Verbal Quotes	\$5,000 - \$9,999	N/A
Minimum Three Written Quotes	\$10,000 - \$24,999	\$10,001 - \$50,000
NEW - Procurement Competitive Quote	N/A	\$50,001 - \$100,000
Formal Solicitation	\$25,000 and Above	\$100,001 and above

### Contract Signature Authority

APPROACH	CURRENT	RECOMMENDED
NEW - Department Directors	N/A	\$0 - \$50,000
Town Manager	\$0 - \$24,999	\$50,001 - \$100,000
Council Approval	\$25,000 and Above	\$100,001 and above





## 5. Sunset the 0.25% Town Center Sales Tax

- Created on October 1, 2007 via Development Agreements with Vestar and WDP Town Center
- Use of the Tax (per Development Agreement)

“To take account of the infrastructure, maintenance, operations obligations of the Town as a result of the scale and intensity of this development, a surcharge in the amount of 0.25% will be added to each subject to a Transaction Privilege Tax generated on the site. Said surcharge **shall be used for key infrastructure, operations and maintenance or other programming or projects the Town deems necessary exclusive to and within Town Center** as defined in the Town’s General Plan. This paragraph shall survive the expiration of this agreement.”





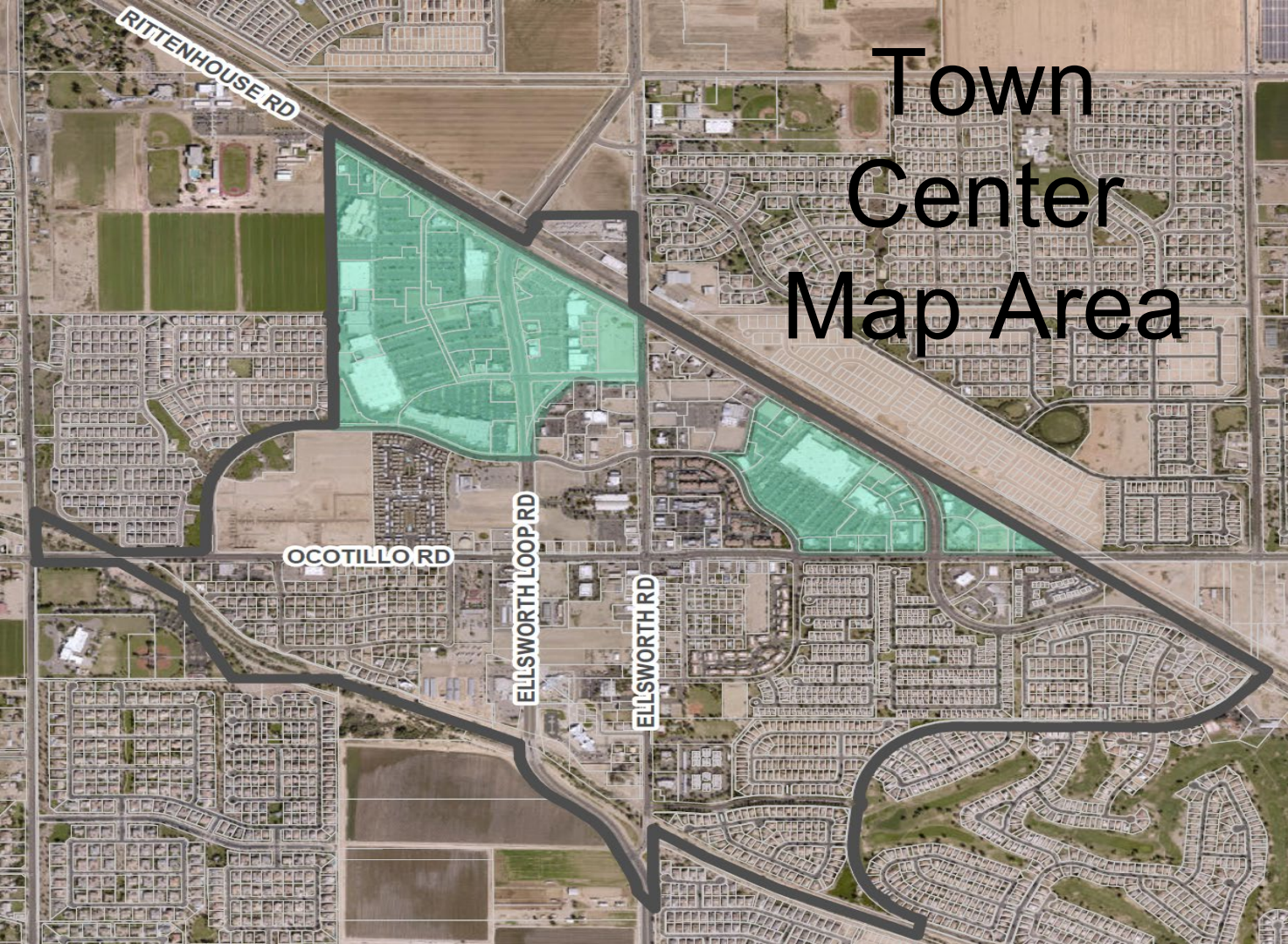
# Town Center Map Area

## Major Retailers:

- Walmart
- Target
- Sprouts
- Trader Joes

## Legend

-  Transaction Privilege Tax Boundary
-  Town Center Boundary



# 5. Sunset the 0.25% Town Center Sales Tax (continued)

- FY 24-25 Estimated Taxes: \$1.5M
- Who Pays the Tax?

	Amount	Percent*
Resident	\$851K	55%
Non-Resident	<u>\$696K</u>	45%
Total	\$1.5M	

\*Analysis of Town of Queen Creek Taxable Retail and Restaurant & Bar Sales – Elliot Pollack & Company (January 2024)



# 5. Sunset the 0.25% Town Center Sales Tax

(continued)

- Expenses
  - Debt (25% of Ellsworth Loop Road)
    - Amount Outstanding: \$2.6M until 2032
    - Debt Service: \$332K
- FY 24-25 Recommended Budget

	Amount
June 30, 2024 Cash	\$1.8M
Sales Tax Revenues	\$1.5M
Other Revenues	\$0.2M
Program Expenses	(\$0.3M)
Debt Service Expense	(\$0.3M)
June 30, 2025 Cash	\$2.9M









# 5. Sunset the 0.25% Town Center Sales Tax

(concluded)

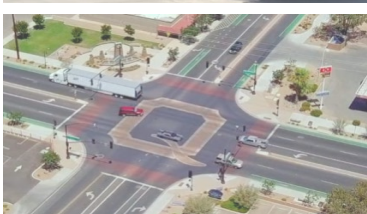
## Options

- 
1. Maintain the Tax and Specifically Identify Uses
    - Assessment to Recover Public Safety Costs
    - Funding of Infrastructure (Drainage, Undergrounding Power Lines, Reuse Founders Park, Parking Garage)
  2. Sunset the Tax
    - Use the Existing Cash to Make Future Debt Payments
    - Determine a Funding Source to Replace the Tax (i.e. Operating Budget or Future Land Sales)
- 
- 





# Discussion and Questions



# Appendix A

## Operating Budget Revenues

# Table of Contents



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Demographics	3
Revenue Projection History	4 – 6
Detailed Revenue Projections (By Fiscal Year)	7 – 11
Development Information and Maps	12 – 22
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State Shared Revenues	27
Property Taxes	28 - 37

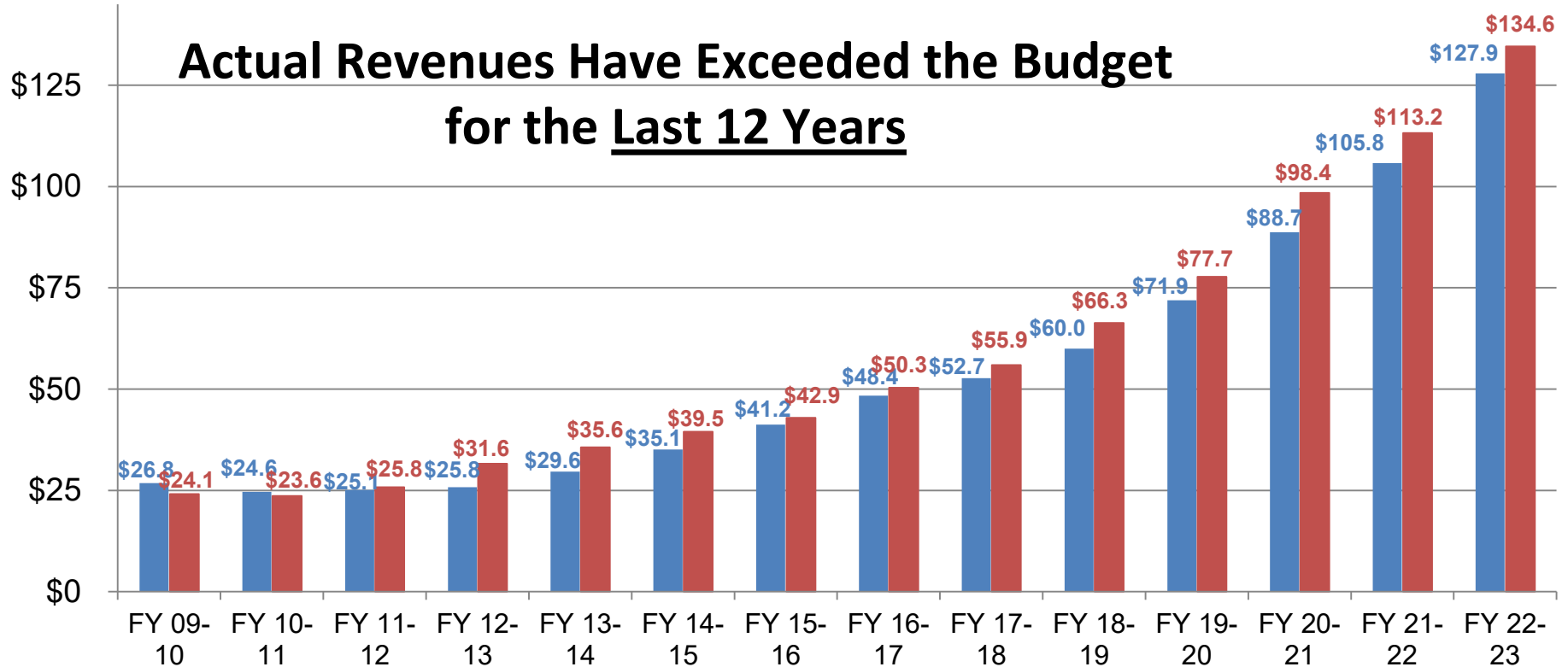
# Queen Creek Demographic Information

Year Incorporated	1989
Square Miles	42 Town Boundary (Planning Area ~72)
Population June 30, 2023 (AZ Office of Economic Opportunity)	76,752
Average Household Size (2022 ACS 1-Year Estimate)	3.28
Median Age (2022 ACS 5-Year Estimate)	36.7 years
Median Household Income (2022 ACS 5-Year Estimate)	\$127,182
Median Value of Housing (2022 ACS 5-Year Estimate)	\$493,700
Net Full Cash Property Value (Maricopa and Pinal County Assessors)	\$14.3 billion
Workforce (2022 ACS 5-Year Estimate)	44% have a BS Degree or Higher
Unemployment Rate, November 2023 (Bureau of Labor Statistics, November 2023)	3.3% (Maricopa County: 3.5%, State: 4.0%)

# Operating Revenue Variance History

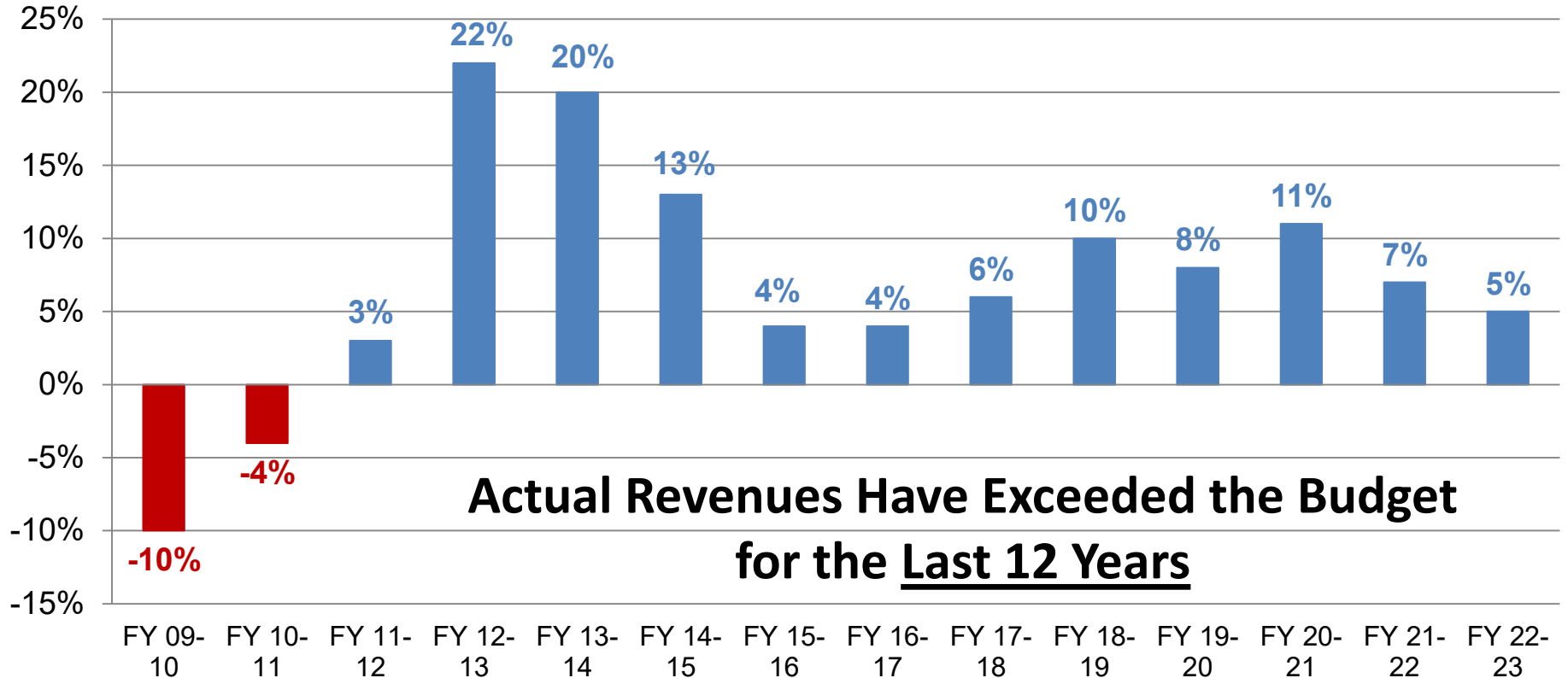
## Budget to Actual

**Actual Revenues Have Exceeded the Budget  
for the Last 12 Years**



# Operating Revenue Variance History

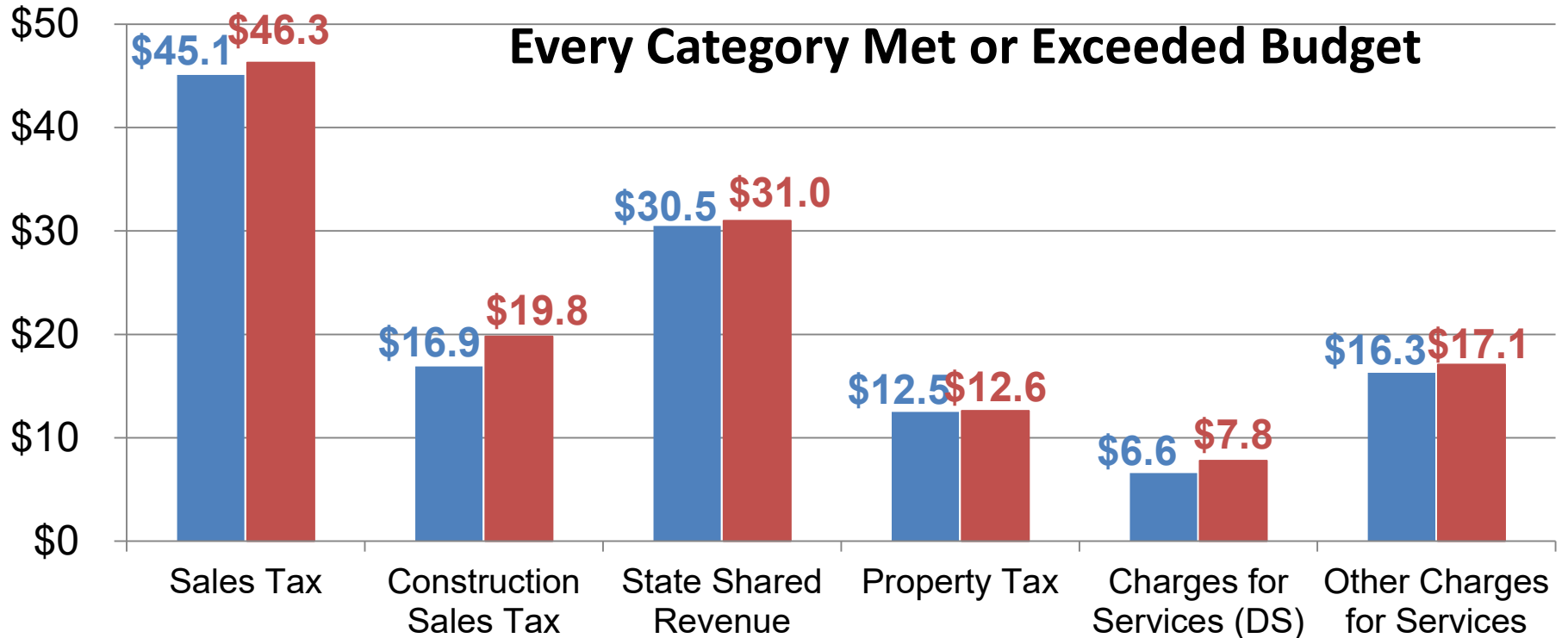
## Actual in Excess (Less Than) Budget





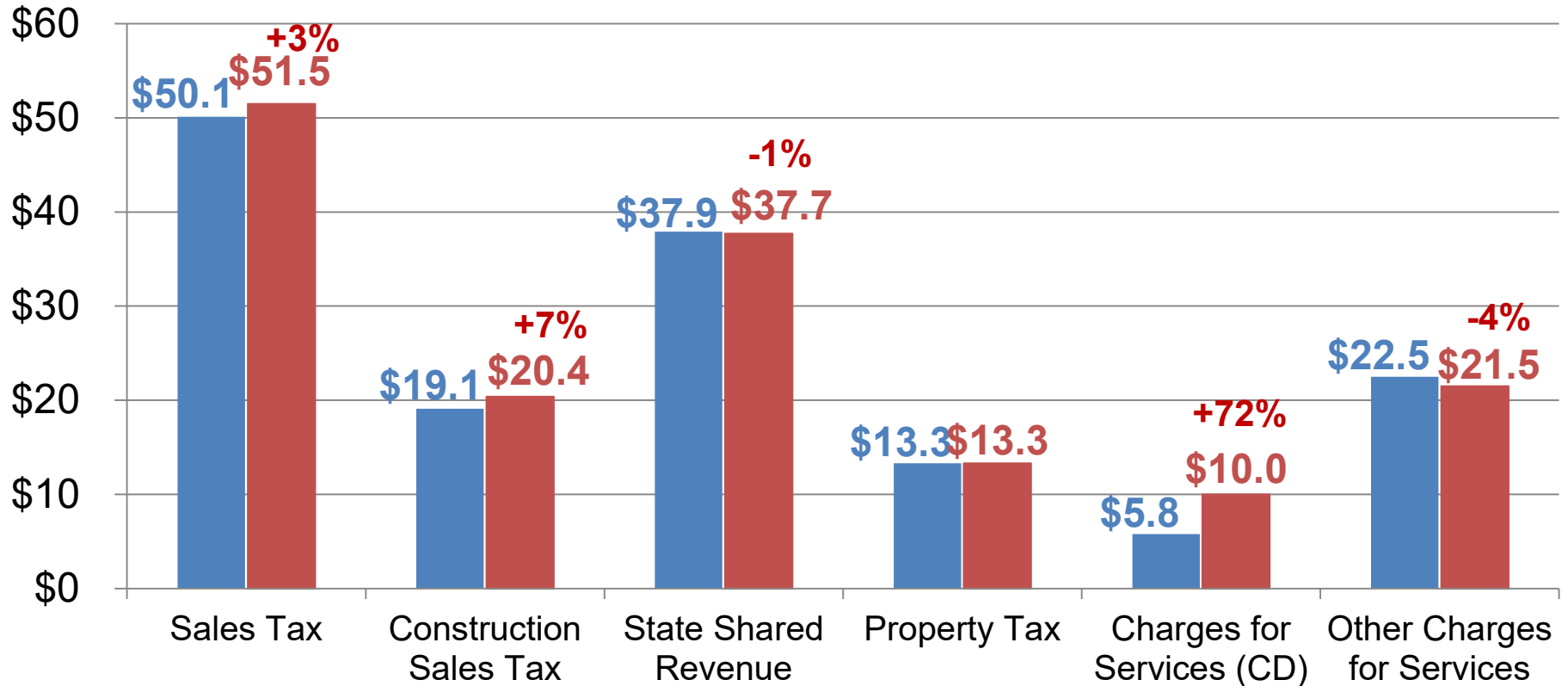
# FY 22-23 Revenue Variance: +\$6.7M (+5%)

## \$127.9M Revised Budget to \$134.6M Actual



# FY 23-24 Revisions: +\$5.7M (+4%)

## \$148.7M Adopted Budget to \$154.4M Revised



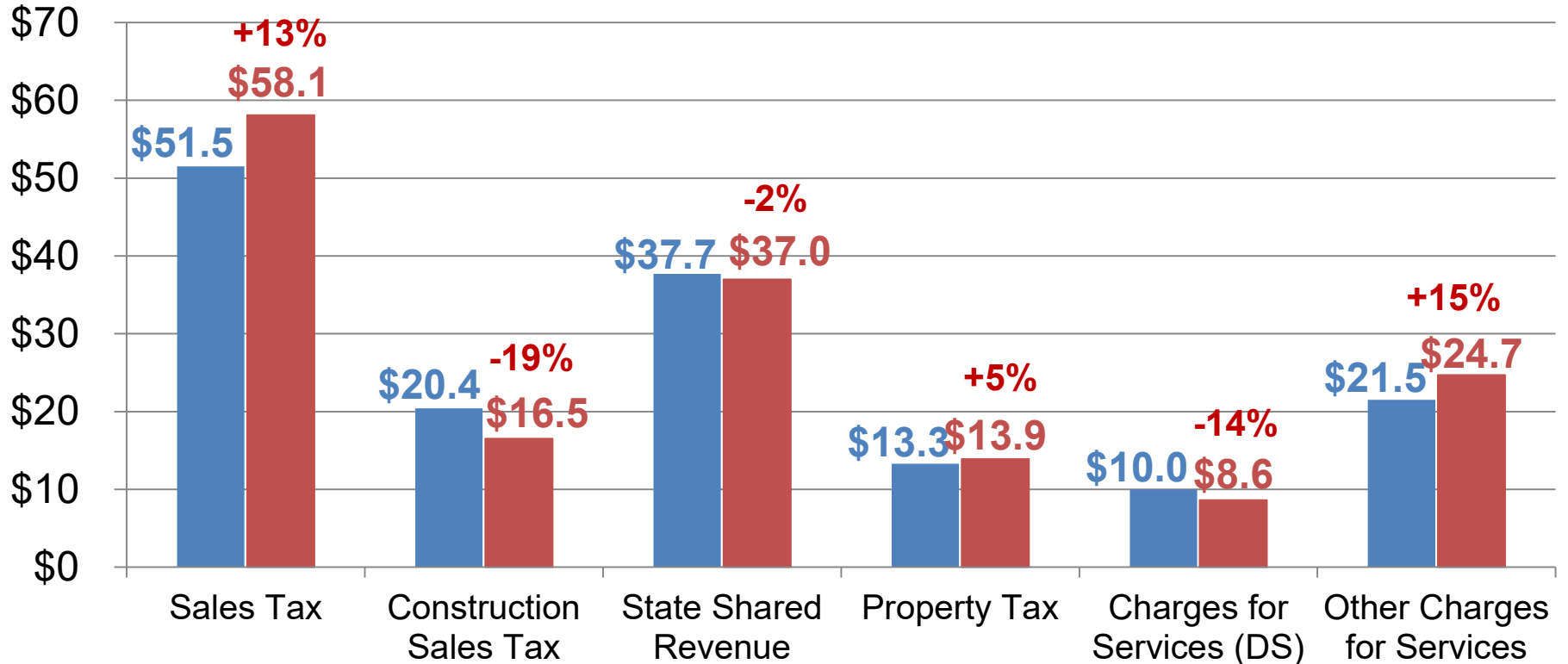
# FY 23-24 Revised Operating Budget Revenue

	FY 22-23 Actual	FY 23-24 Adopted Budget	FY 23-24 Revised Budget	\$ Change	% Change
Sales Tax	\$46.3M	\$50.1M	\$51.5M	\$1.4M	+3%
Construction Sales Tax	\$19.8M	\$19.1M	\$20.4M	\$1.3M	+7%
State Shared Revenue	\$31.0M	\$37.9M	\$37.7M	(\$0.2M)	(1%)
Property Tax*	\$12.6M	\$13.3M	\$13.3M	-	-
Building Revenues	\$7.8M	\$5.8M	\$10.0M	\$4.2M	+72%
Charges for Services	\$11.2M	\$15.0M	\$14.0M	(\$1.0M)	(7%)
Investment Income	\$2.2M	\$3.7M	\$3.7M	-	-
Other Sources/Grants	\$0.3M	-	-	-	=
Utility ROI for Public Safety	<u>\$3.4M</u>	<u>\$3.8M</u>	<u>\$3.8M</u>	=	=
<b>Subtotal</b>	<b>\$134.6M</b>	<b>\$148.7M</b>	<b>\$154.4M</b>	<b>\$5.7M</b>	<b>+4%</b>
Use of Pension Reserves (ASRS)	\$1.0M	\$1.2M	\$1.3M	\$0.1M	+8%
Use of Pension Reserves (PD Pension Reserves)	<u>\$7.0M</u>	=	=	=	=
<b>Total Revenue</b>	<b>\$142.6M</b>	<b>\$149.9M</b>	<b>\$155.7M</b>	<b>\$5.8M</b>	<b>+4%</b>
<b>Change from FY 22-23 Actual</b>		<b>\$7.3M</b>	<b>\$13.1M</b>		

\*Property Tax "Frozen" for 5 Years beginning FY 23-24. Revenue increase represents new construction only.

# FY 24-25 Increase: +\$4.4M (+3%)

**\$154.4M Revised Budget to \$158.8M FY 24-25 Projected**



# FY 23-24 Revised vs. FY 24-25 Budget: +\$4.5M (3%)

	FY 23-24 Revised Budget	FY 24-25 Budget	\$ Change	% Change
Sales Tax	\$51.5M	\$58.1M	\$6.6M	+13%M
Construction Sales Tax	\$20.4M	\$16.5M	(\$3.9M)	(19%)
State Shared Revenue	\$37.7M	\$37.0M	(\$0.7M)	(2%)
Property Tax*	\$13.3M	\$13.9M	\$0.6M	+5%
Building Revenues	\$10.0M	\$8.6M	(\$1.4M)	(14%)
Charges for Services	\$14.0M	\$15.7M	\$1.7M	+12%
Investment Income	\$3.7M	\$4.5M	\$0.8M	+22%
Other Sources/Grants	-	\$0.5M	\$0.5M	100%
Utility ROI for Public Safety	<u>\$3.8M</u>	<u>\$4.0M</u>	<u>\$0.2M</u>	<u>+5%</u>
<b>Subtotal</b>	<b>\$154.4M</b>	<b>\$158.8M</b>	<b>\$4.4M</b>	<b>+3%</b>
Use of Pension Reserves (ASRS)	\$1.3M	\$1.4M	\$0.1M	+8%
Use of Pension Reserves (PD Pension Reserves)	=	=	=	=
<b>Total Revenue</b>	<b>\$155.7M</b>	<b>\$160.2M</b>	<b>\$4.5M</b>	<b>+3%</b>

\*Property Tax "Frozen" for 5 Years beginning FY 23-24. Revenue increase represents new construction only.

# FY 24-25 Operating Budget Revenue

	FY 22-23 Actual	FY 23-24 Revised Budget	FY 24-25 Budget	\$ Change	% Change
Sales Tax	\$46.3M	\$51.5M	\$58.1M	\$6.6M	+13%
Construction Sales Tax	\$19.8M	\$20.4M	\$16.5M	(\$3.9M)	(19%)
State Shared Revenue	\$31.0M	\$37.7M	\$37.0M	(\$0.7M)	(2%)
Property Tax*	\$12.6M	\$13.3M	\$13.9M	\$0.6M	+5%
Building Revenues	\$7.8M	\$10.0M	\$8.6M	(\$1.4M)	(14%)
Charges for Services	\$11.2M	\$14.0M	\$15.7M	\$1.7M	+12%
Investment Income	\$2.2M	\$3.7M	\$4.5M	\$0.8M	+22%
Other Sources/Grants	\$0.3M	-	\$0.5M	\$0.5M	100%
Utility ROI for Public Safety	<u>\$3.4M</u>	<u>\$3.8M</u>	<u>\$4.0M</u>	<u>\$0.2M</u>	<u>+5%</u>
<b>Subtotal</b>	<b>\$134.6M</b>	<b>\$154.4M</b>	<b>\$158.8M</b>	<b>\$4.4M</b>	<b>+3%</b>
Use of Pension Reserves (ASRS)	\$1.0M	\$1.3M	\$1.4M	\$0.1M	+8%
Use of Pension Reserves (PD Pension Reserves)	<u>\$7.0M</u>	=	=	=	=
<b>Total Revenue</b>	<b>\$142.6M</b>	<b>\$155.7M</b>	<b>\$160.2M</b>	<b>\$4.5M</b>	<b>+3%</b>
<b>Change from FY 22-23 Actual</b>		<b>\$13.1M</b>	<b>\$17.6M</b>		

\*Property Tax "Frozen" for 5 Years beginning FY 23-24. Revenue increase represents new construction only.



# Factors Impacting Development Timing



- Total single family permits have been higher than originally projected for the past two fiscal years (FY 2022-23 and FY 2023-24 year-to-date)
  - This ultimately reduces the available inventory and causes a decline in permitting in future fiscal years
  - A decline in single family permitting impacts our population growth
- The inability of “gold properties” to develop has an impact on the available lot inventory and the timing of how current subdivisions are developing
  - Some subdivisions and phases that were originally projected to start in the outer years have moved their projects forward
- Changes in multi-family project schedules can have a big impact on a single fiscal year’s unit projections

# Subdivision Timing

- Multiple subdivisions have seen increased activity over the past 3 years and are estimated to close out within 5 years
- Many subdivisions have not started the planning process and are not projected to begin construction until FY28 or after

Sample of Subdivisions Ready to Pull Permits/Close Out Within 5 Years		Sample of Subdivisions Estimated to Pull Permits in 5+ Years	
Subdivision Name	Total Lots	Subdivision Name	Total Lots
Barney Farms*	1,700	Box Canyon	3,278
Madera	872	Germann 516	1,947
Empire Pointe	533	Jorde Farms South	1,814
Ellsworth Ranch	451	Bosma Farms	750
Legado (E, F) (Sossaman)	405	Sossaman Farms	700
Jorde Farms North Ph. 2	401	North Creek (Ph. 2) (Zimmerman Dairy)	381
North Creek Ph. 1 (Zimmerman Dairy)	364	Jorde Farms North (South of SRP Site)	343
Legado West*	325	Hudson Station	127
<b>Total</b>	<b>5,051</b>		<b>9,340</b>

\*Some phases will still be under construction after 5 years; all subdivisions on right side of table are gold properties A-13



# Projected Lot Availability (Estimated Based on Current Zoning)

- As the supply of available units is used up, development and population growth will slow

	Assumes Gold Properties Are Available To Develop		Assumes Gold Properties Are Not Available to Develop	
	Supply of Available Units	YOY Change	Supply of Available Units	YOY Change
FY23	15,300		6,900	
FY24	14,000	(1,300)	5,600	(1,300)
FY25	12,900	(1,100)	4,500	(1,100)
FY26	12,000	(900)	3,600	(1,000)
FY27	11,200	(800)	2,800	(800)
FY28	10,700	(500)	2,300	(500)
FY29	10,100	(600)	1,900	(400)
FY30	9,200	(900)	1,600	(300)
FY31	8,150	(950)	1,200	(400)
FY32	7,250	(900)	870	(330)
FY33	6,500	(750)	630	(240)

\*Does not include estimated population from multi-family developments; does not include State Land

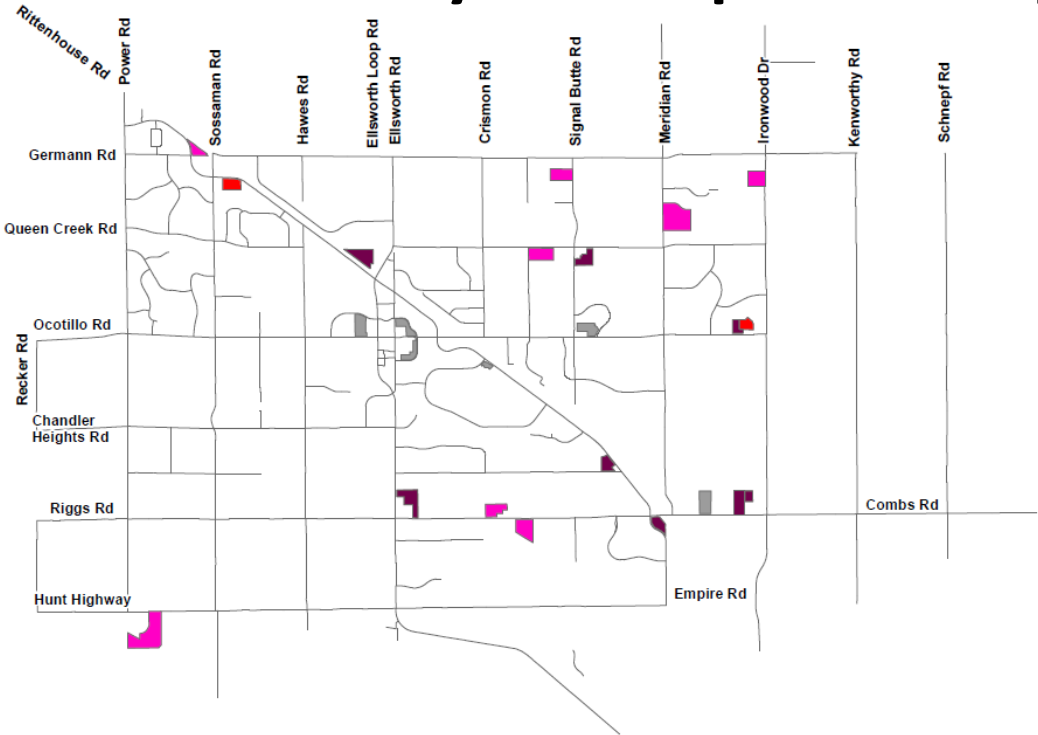
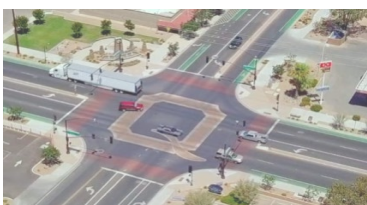
# Multi-Family Projections

- Now a Significant Element of Our Projections Due to Increased Activity
- FY 2023-24 to FY 2028-29 Estimate: ~3,059 units (per schedule below)
- Considerations Include:
  - Lag between permitting and certificate of occupancy impacts revenue timing
  - Vacancy level of new units vs. existing multi-family developments
  - Census Bureau and State demographer multi-family assumptions



	FY23-24 Revised	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	Total
Multi-Family Units	738	1,055	340	350	576	0	3,059
Number of Projects	5	3	1	1	2	0	12

# Multi-Family Development Map



### Multi-Family Development Status

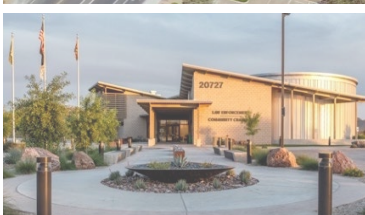
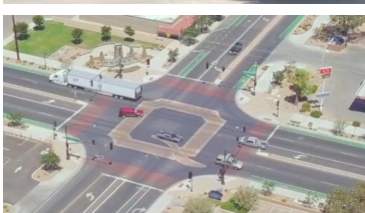
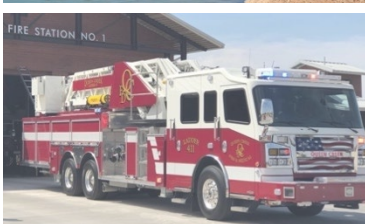
- Future development - estimated 1,742 units
- Active development construction - 291 units
- Active unit construction - 1,789 units total (216 left to permit\*)
- Completed - 1,108 units

\*as of Oct. 23



# Multi-Family Development Types

Development	Style	Location	FY24 Units	FY25 Units
Residences at QC Commons	Single Story Attached/Detached	NEC Ellsworth & Riggs	31	
Bungalows	Single Story Attached/Detached	W of Vineyard Town Center	236	
Avanterra	Single Story Attached/Detached	SEC of Signal Butte & Queen Creek	130	
Sparrow Townhomes	Townhomes	S/SE of Ironwood Crossing	110	
Encanterra Casitas	Condos	Encanterra Neighborhood	45	
Mayberry on Rittenhouse	Attached & Detached 1- & 2-Story Units	SEC of Sossaman & Rittenhouse	186	
Alexan	3-Story Building	S of SWC of Signal Butte & Germann		495
Elanto	Townhome, Single Family, Single-Story Attached/Detached	N of NEC Meridian & Pima		320
Hudson Station	Single Story Attached/Detached	SEC Signal Butte & Queen Creek		240
		<b>Totals</b>	<b>738</b>	<b>1,055</b>





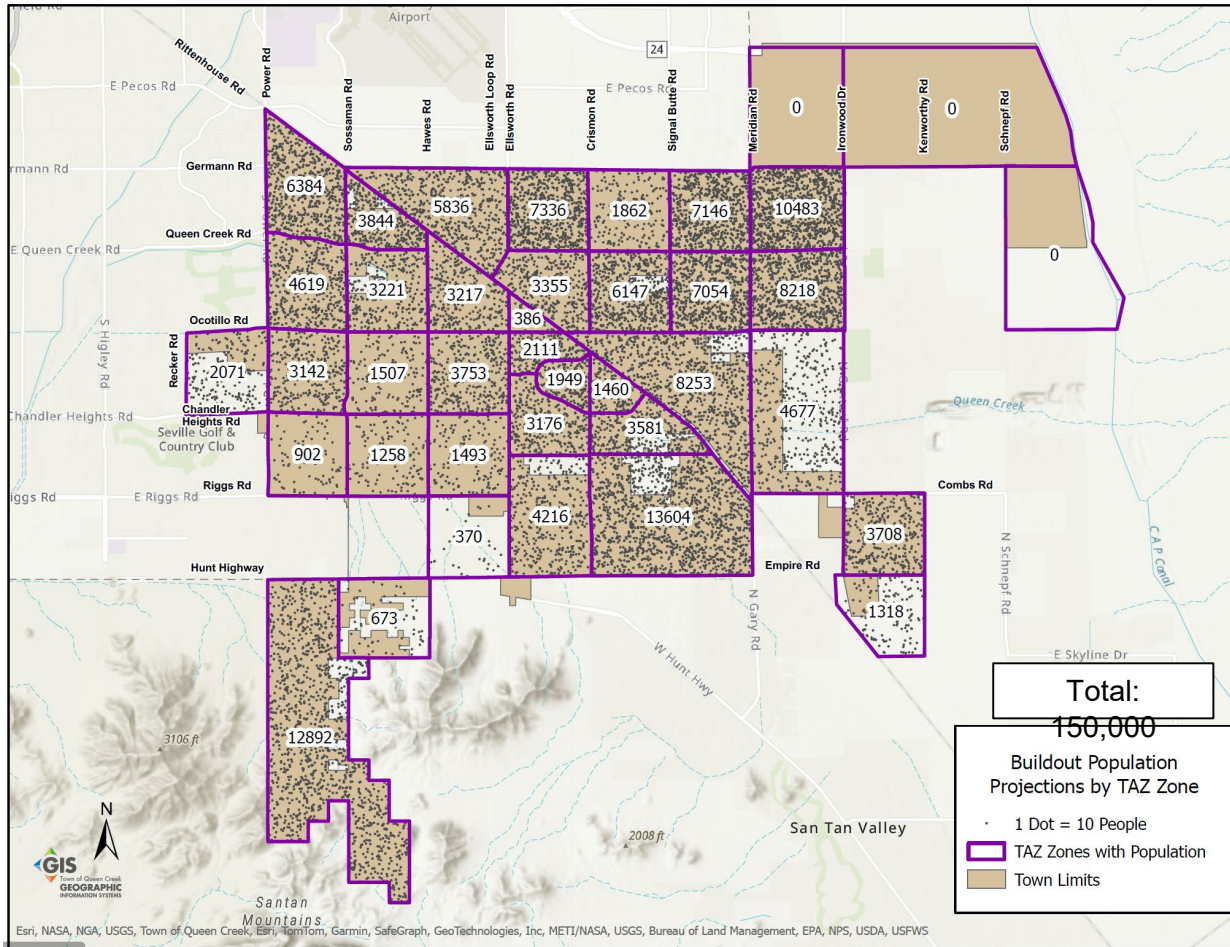








# Buildout Population: 150K



# Non-Residential New Construction Continues



- FY 22-23 Activity: 1.3M Square Feet (26% Increase to Base of 5.0M Square Ft)
- Estimates (per schedule below):
  - FY 23-24: 884K Square Feet (14% Increase)
  - FY 24-25: 877K Square Feet (12% Increase)
- Large focus on industrial corridor in the northern part of QC (Meridian Rd.)
- **Proposed developments in State Lands are not included in these projections**

Development Type	FY 23-24 SF	FY 24-25 SF
Commercial	688K	221K
Industrial	117K	623K
Office	38K	15K
Churches, Educational, Other	41K	18K
<b>TOTAL</b>	<b>884K</b>	<b>877K</b>

# What is Subject to City Sales Tax?

## Sales Tax Categories and Examples:

- Retail Sales
  - Furniture, automobiles, groceries and household supplies
- Restaurants & Bars
- Construction Contracting
- Communications & Utilities
- Rentals, Real Estate & Leases
  - Commercial leases, equipment rentals
- Others
  - Short-term rentals, entertainment, health club memberships

## What is not subject to city sales tax?

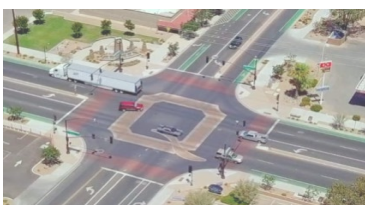
- Long-Term Residential Rentals (starting Jan. 2025)
- Services
- Gasoline
- Some agricultural items





# The Importance of Sales Taxes (Non-Construction)

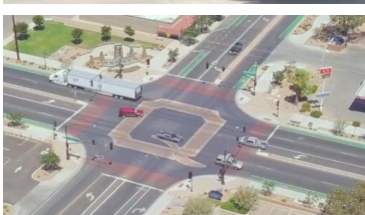
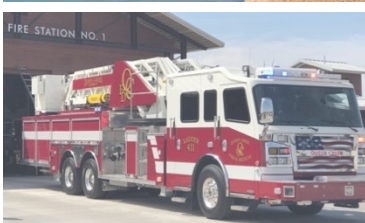
- 36% of Our Operating Revenues (\$58M)
- Queen Creek Residents Represent the Majority of Shoppers
- Non-Resident Shoppers are Significant
  - Eastmark and San Tan Valley
  - Visitors to Town Center come from the following zip codes:
    - 38% from Queen Creek (85142)
    - 30% from San Tan Valley (85140, 85143, 85144)
    - 4% from Florence (85132)
    - 3% from Eastmark (85212)



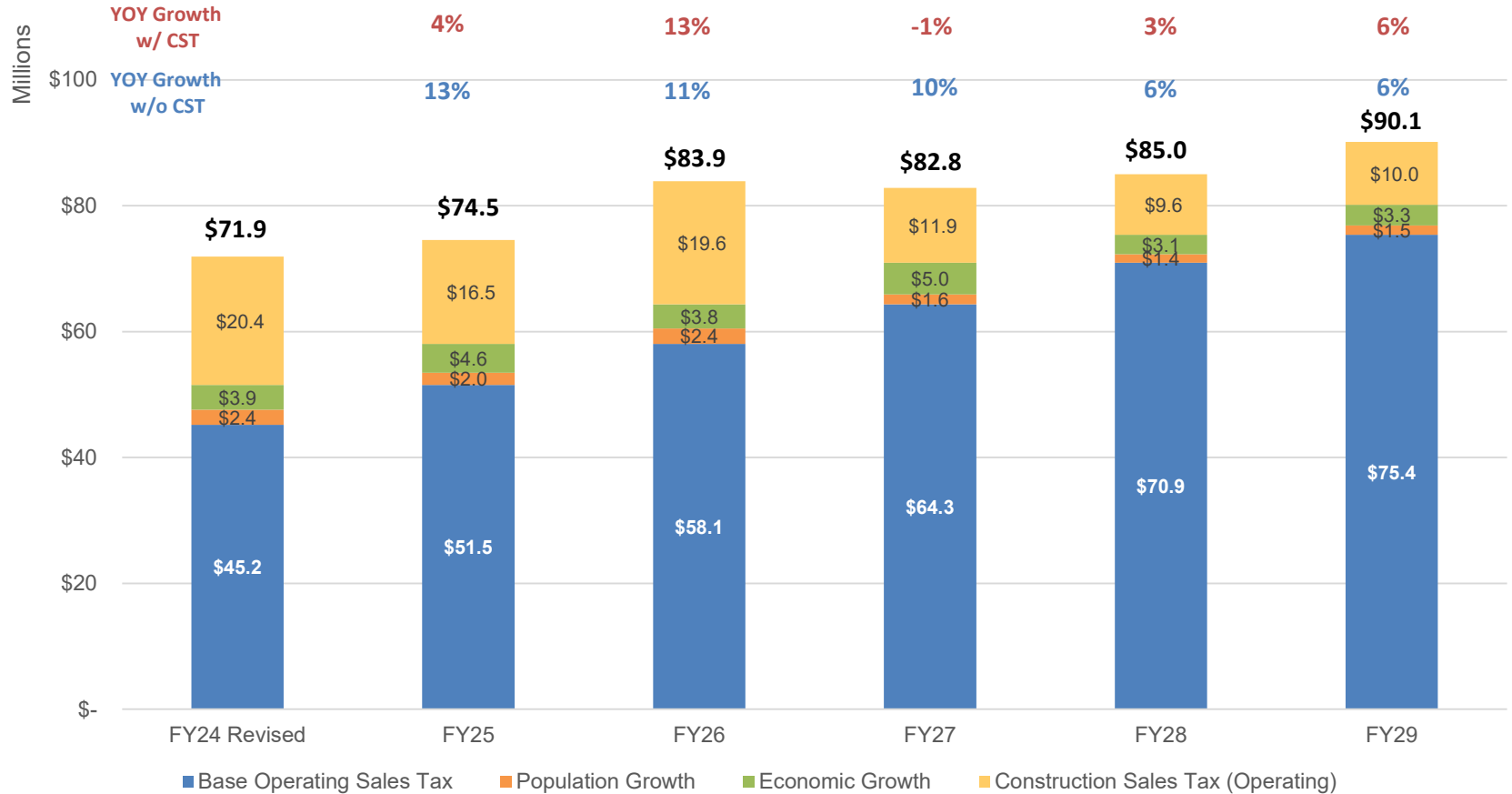
# Trends in Sales Tax Collections

- Large taxpayers are performing strongly, but some are seeing decreased collections versus prior years
- E-Commerce category is growing similar to prior years, with some taxpayers experiencing very strong growth
- New businesses in town and surrounding areas are impacting the retail sales tax category
  - Decreases due to increased competition
  - Increases due to new businesses coming to town

Category	FY22 YTD	FY23 YTD	FY24 YTD	Increase FY22 to FY23	Increase FY23 to FY24
Top 20 Taxpayers (Not Including E-Commerce)	\$5.3M	\$6.2M	\$8.1M	16%	31%
E-Commerce	\$2.2M	\$2.7M	\$3.4M	26%	25%
All Retail-Related Taxpayers (19,500)	\$11.3M	\$13.3M	\$14.7M	18%	11%



# Sales Tax Revenue Composition



# State Shared Revenues



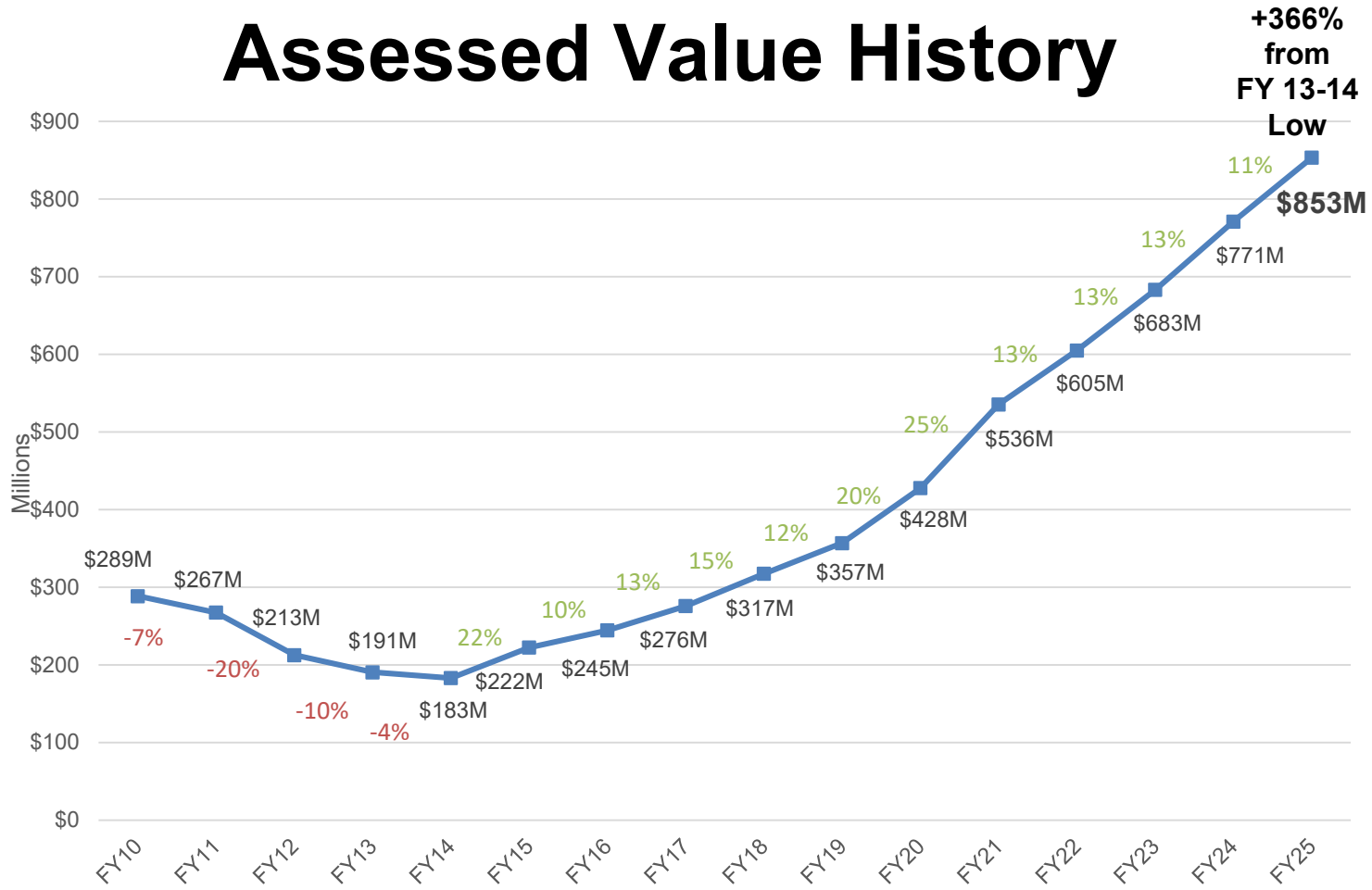
- Allocated to QC Per Capita (Per Person)
- QC's Allocations Are Remaining Stable After Legislative Changes in FY 2022-23 and FY 2023-24
  1. State's Revenue is Growing Slower Than The Past Few Years (the Pie)
  2. QC's Share of the Allocation is Increasing (Our Slice of the Pie)
    - QC is One of the Fastest Population Growth Cities
    - Income Taxes Reflect "Reductions from New

# State Shared Revenue

	FY 22-23 Actual	FY 23-24 Adopted	FY 23-24 Revised	FY 24-25 Budget
Income Tax	\$12.6M	\$18.7M	\$18.8M	\$16.1M
Sales Tax	\$9.8M	\$10.0M	\$10.0M	\$11.0M
Gas Tax (HURF)	\$5.1M	\$5.3M	\$5.2M	\$5.8M
Vehicle License Tax	<u>\$3.5M</u>	<u>\$3.9M</u>	<u>\$3.7M</u>	<u>\$4.1M</u>
<b>Total</b>	<b>\$31.0M</b>	<b>\$37.9M</b>	<b>\$37.7M</b>	<b>\$37.0M</b>
<i>\$ Change from FY 23-24 Adopted</i>			(\$0.2M)	(\$0.7M)
<i>% Change from FY 23-24 Adopted</i>			(1%)	(2%)



# Assessed Value History





# FY 24-25 Assessed Value (AV) Breakout\*

Property Class	Total LPV	% of Total LPV	Total Net Assessed LPV	% of LPV Classification	Property Taxes	% of Property Taxes
Residential	\$7,148.0 M	81%	\$714.4M	10%	\$11.7M	84%
Commercial	\$ 777.0M	9%	\$100.9M	17%	\$ 1.6M	12%
Vacant Land	<u>\$ 850.2M</u>	<u>10%</u>	<u>\$38.0M</u>	15%	<u>\$ 0.6M</u>	<u>4%</u>
Total	\$8,775.2 M	100 %	\$853.3M		\$13.9M	100%

\*Assessed Value is not the total property tax revenue, but the basis upon which property tax is calculated.

# Levy Rate History

- FY 07-08 (Inception) to FY 20-21: \$1.95 (Legal Maximum)
- FY 20-21 to FY 22-23 (COVID Phase): \$1.83
  - 6% Less Than Legal Maximum
- FY 23-24 (“Freeze” Policy): \$1.72
  - 12% Less Than Legal Maximum
- FY 24-25 Proposed: \$1.63
  - 16% Less Than Legal Maximum
- FY 27-28 (Projected): \$1.41
  - 28% Less Than Legal Maximum

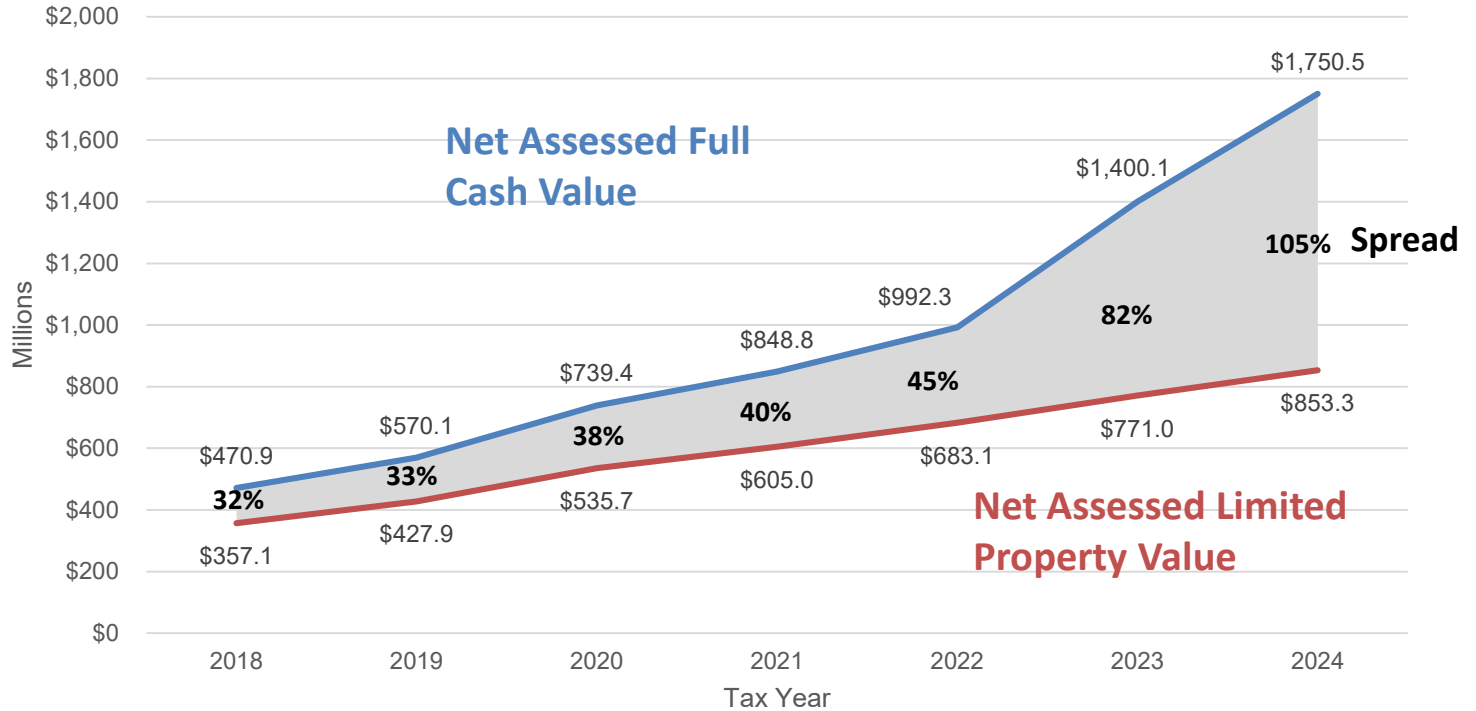


# How is Property Valued?

- Full Cash Value (FCV)
  - Represents the Market Rate of the Property
- Limited Property Value (LPV)
  - Basis for Property Tax
  - Increases annually by 5% (except if property use changes)
  - Can never be greater than FCV
- Spread between FCV and LPV
  - FY 24-25 Spread is 105% (Record High)
  - If FCV were to stop growing, this spread allows LPV to continue to increase until LPV equals FCV on a parcel by parcel basis



# Historical Spread Between Full Cash Value (Market) and Limited Property Value (Property Taxes)



Based on Tax Year 2024, if FCV stopped growing, LPV could increase for 11 years



# How Are Property Taxes Calculated?

Property Taxes are the Result of Two Components:

1. Property Valuations (County Determined)
  - Limited Property Value (LPV)
2. Revenue Amount (Council Determined)
  - Levy Rate is applied to each \$100 of Assessed LPV



# How is Individual Property Tax Calculated?



Single Family Residential Example	Amount
<b>A) Limited Property Value (LPV) FY 24-25 Median Example</b>	<b>\$266K</b>
<b>B) Residential Assessment Ratio</b>	<b><u>10%</u></b>
<b>C) Assessed Value at 10% of LPV (A x B)</b>	<b>\$26,600</b>
<b>D) Conversion to a “per \$100” (C / \$100)</b>	<b><u>\$266</u></b>
<b>E) Property Tax Rate per \$100 of Assessed Value</b>	<b>\$1.63</b>
<b>F) Primary Property Tax Assessment (D x E)</b>	<b>\$434</b>



# Assessed Value Breakout by County and Property Class\*



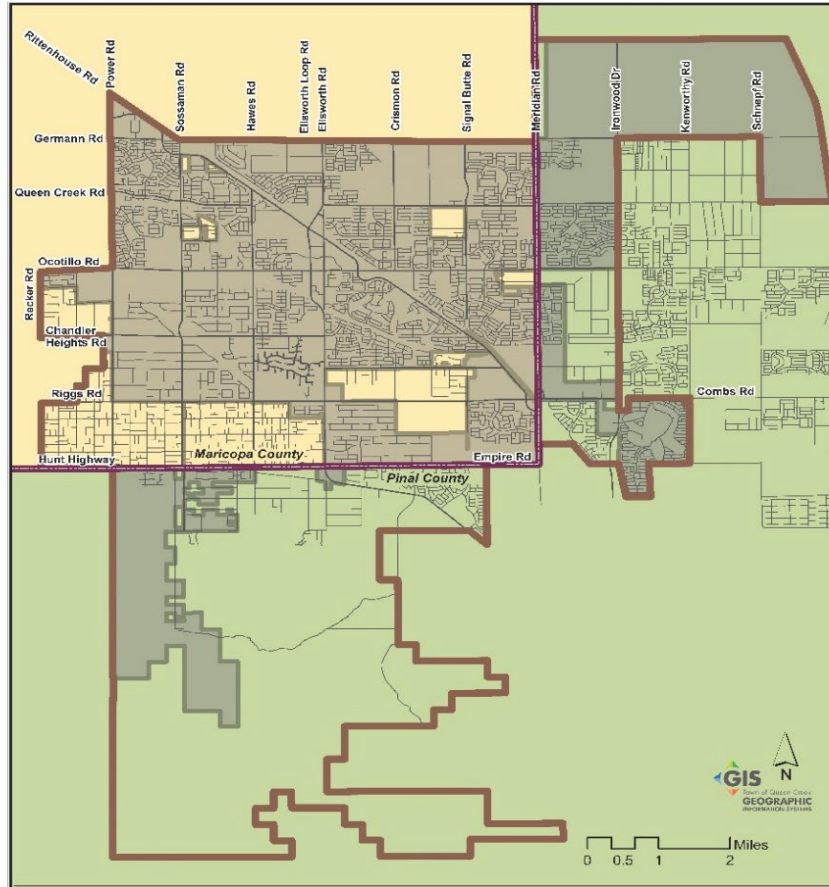
Property Class	Maricopa County Assessed LPV	Pinal County Assessed LPV	Total Assessed LPV
Residential	\$584.3M	\$130.1M	\$714.4M
Commercial	\$89.8M	\$11.1M	\$100.9M
Vacant Land	<u>\$32.0M</u>	<u>\$6.0M</u>	<u>\$38.0M</u>
Total	\$706.1M	\$147.2M	\$853.3M

\*Assessed Value is not the total property tax revenue, but the basis upon which property tax is calculated.



# TOWN OF QUEEN CREEK ARIZONA

 TOWN LIMITS 
  PLANNING AREA 
  MARICOPA COUNTY 
  PINAL COUNTY



Map Date: 2/4/21 The Town of Queen Creek makes no warranties, written or implied, regarding the information on this map.



# Appendix B

## Select Department Budgets



# Table of Contents



	Slide Number
Police	3 - 12
Fire and Medical	13 - 20
Public Works	21 - 33
Community Services	34 - 43
Water and Wastewater	44 - 55

# FY 2024- 25 Recommended Budget

## **Police**

# Goals/Objectives

## GOALS

- Establish a Real Time Information Center (RTIC) and utilize technology to maintain low victimization rates, improve traffic safety, and minimize the fear of crime.
- Further community support, trust, transparency, and legitimacy by attaining Arizona Law Enforcement Accreditation (AZLEAP).
- Utilize technology and outreach efforts to build a comprehensive transparency hub that will enhance community trust and engagement.

## OBJECTIVES (in support of agency goals)

- Utilize the Real Time Information Center (RTIC) to support critical strategies related to traffic/crash mitigation, crime prevention, community engagement, community-police partnerships, and response times.
- Establish the appropriate proofs and complete the accreditation process.
- Implement additional customer service components for investigations and quality-of-life complaints.
- Implement additional platforms and components to enhance access and transparency.
- Continue efforts to match resources, training, and staffing to the needs of the community.

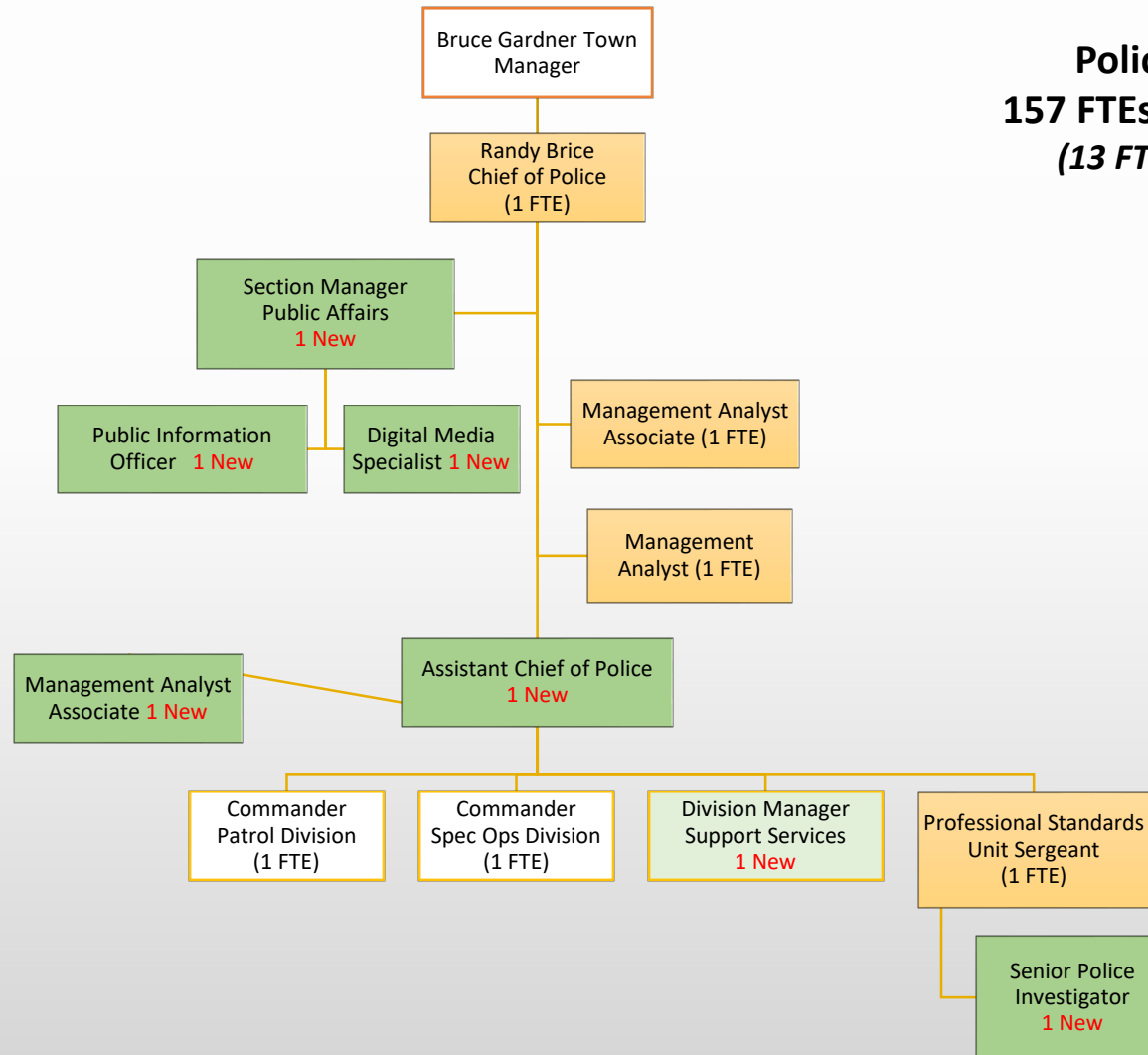


# Metrics

## PERFORMANCE MEASURES

- Increase traffic-related contacts by 10%
- Maintain a response time of 00:05:30 for Priority-1 calls for service  
(Dispatch to Arrival; in minutes)
- Increase community outreach contacts by 10%
- Implement at least two additional programs or initiatives designed to increase community engagement
- Add at least two additional technology-based tools or programs designed to support public safety

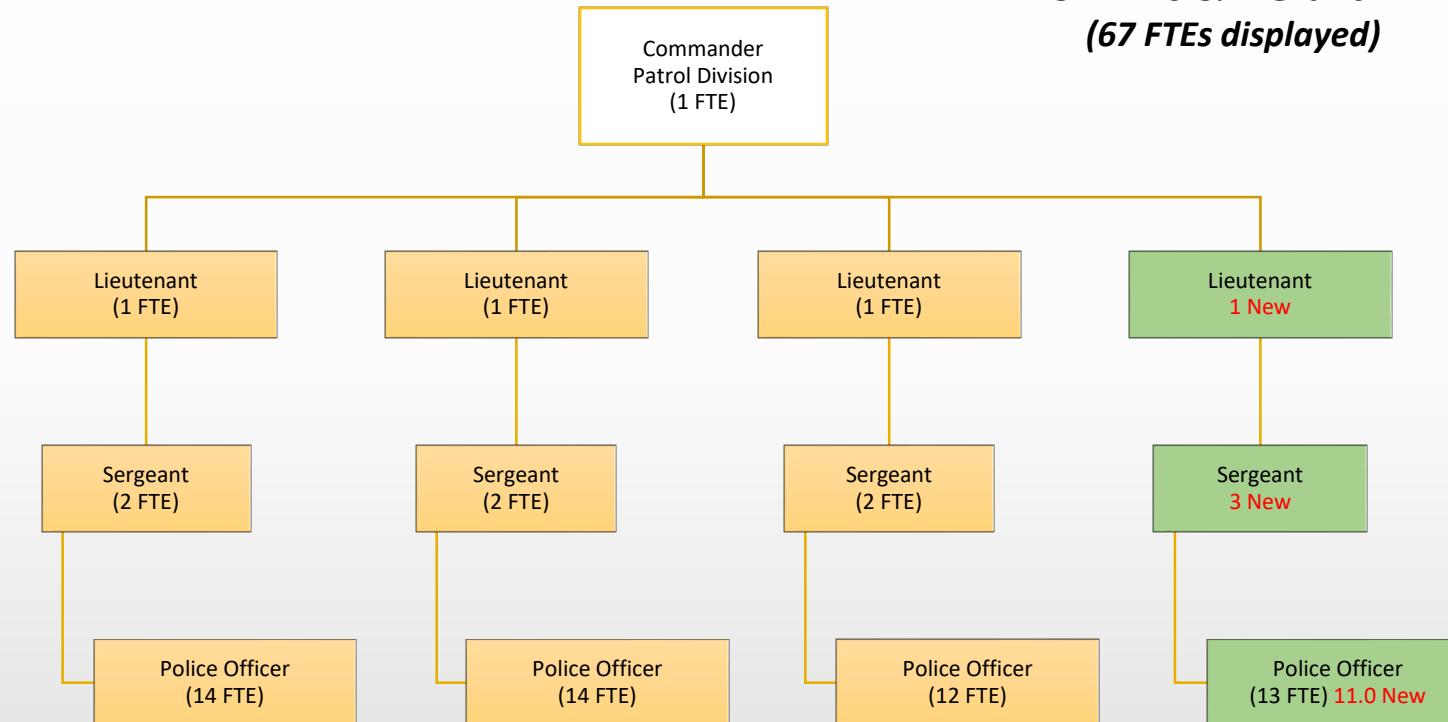
# Org Chart



**Police Services**  
**157 FTEs & 1 Grant FTE**  
*(13 FTEs displayed)*

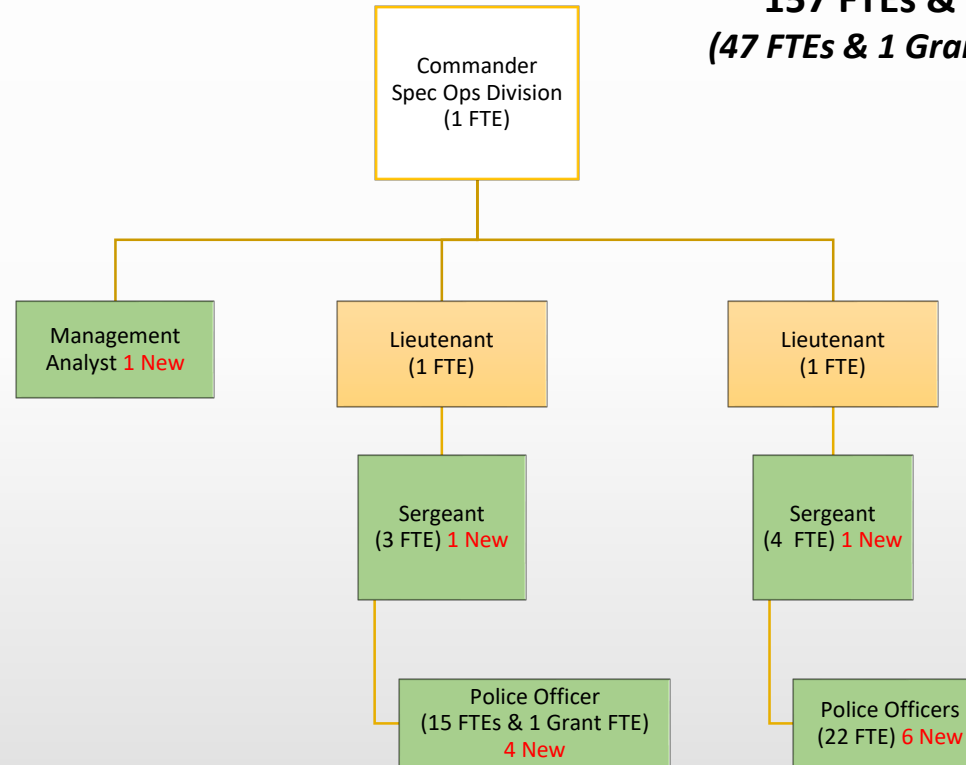
# Org Chart

**Police Services**  
**157 FTEs & 1 Grant FTE**  
*(67 FTEs displayed)*



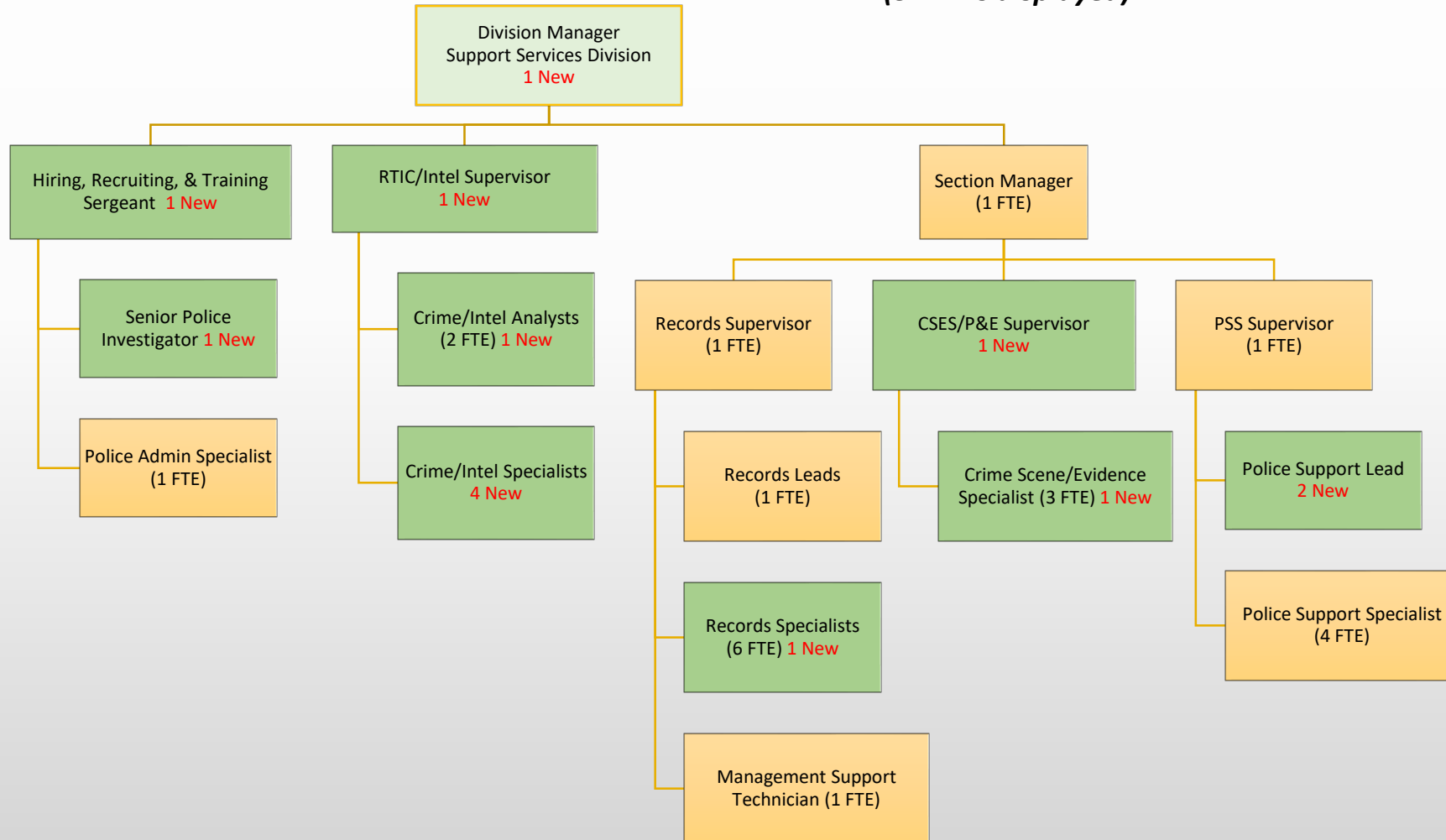
# Org Chart

## Police Services 157 FTEs & 1 Grant FTE *(47 FTEs & 1 Grant FTE displayed)*



# Org Chart

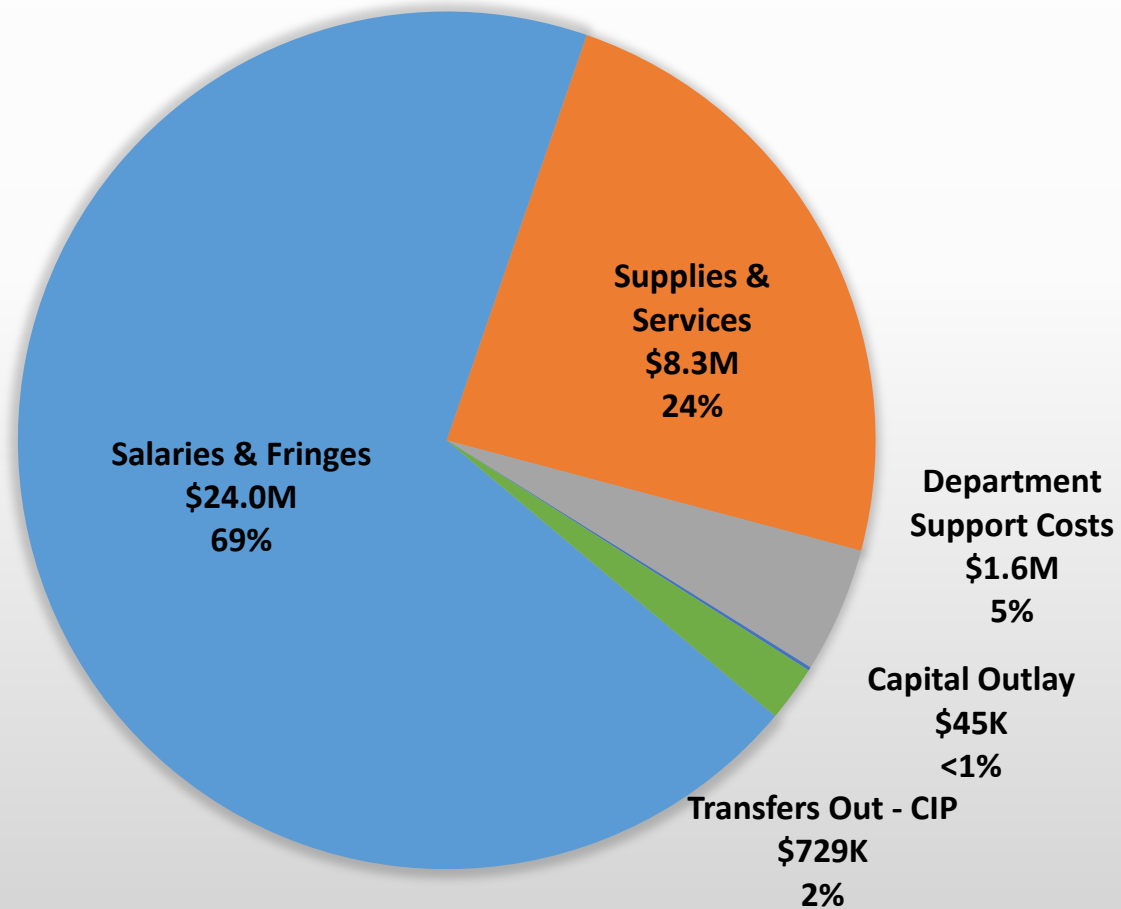
## Police Services 157 FTEs & 1 Grant FTE (32 FTEs displayed)



# FY 2025 Police Budget Overview

## POLICE SERVICES

FY 2024/25 RECOMMENDED BUDGET \$34.7M



### Budget Additions

### FTE

Sworn Staff

29.0

Professional Staff

19.0

**Total**

**48.0**



# Capital Improvement Projects

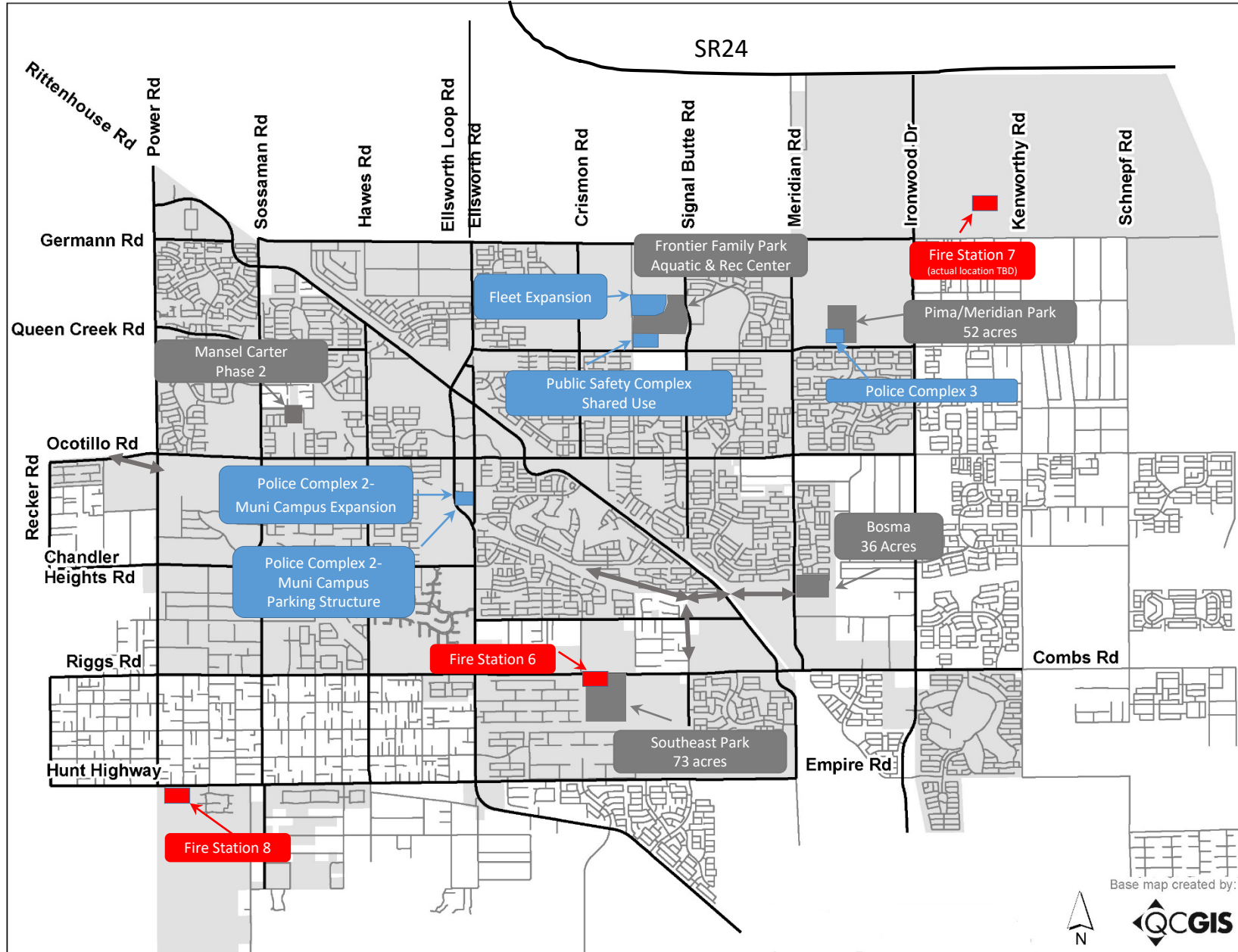
## **Years 1-5**

- Public Safety Complex (Under Construction)
- Radio Towers & Infrastructure
- Police Equipment
- PS Complex Shooting Range
- Complex #2
- Complex #3 – Land Acquisition
- FOF Fleet Expansion (PS Share)
- Parking (Public Safety 75%)

## **Years 6-10**

- Complex #3 – Construction
- Complex #4

# Police, Fire, Parks & Trails IIP 2024-2033



# FY 2024- 25 Recommended Budget

## **Fire & Medical**

# Goals

- **Become a Class 1 fire department with the ISO**
  - Need 90/100 points to qualify for a Class 1 department (ISO rating of 1)
  - Queen Creek is currently at 85/100 (Class 2 or ISO rating of 2)
  - Last rating only increased Queen Creek by 2 points (83 to 85)
  - Three major areas evaluated by ISO: Communications and Dispatch (9.9/10), Water Supply (36.4/40), Fire Operations (37/50)
  - Focusing on additional key staff positions along with the addition of fire stations will be the biggest contributor to increasing the ISO rating
- **Corporate Strategic Plan**
  - Proactively work to provide fire services to areas of Queen Creek...as part of the 2020 Fire Master Plan
  - Be more efficient in managing vacancies and reduce the negative impact to the overtime budget
  - Improve effectiveness of our operations with increased supervisory staff and better manage workloads
  - Provide professional growth and strengthen the Town's succession plan for the department

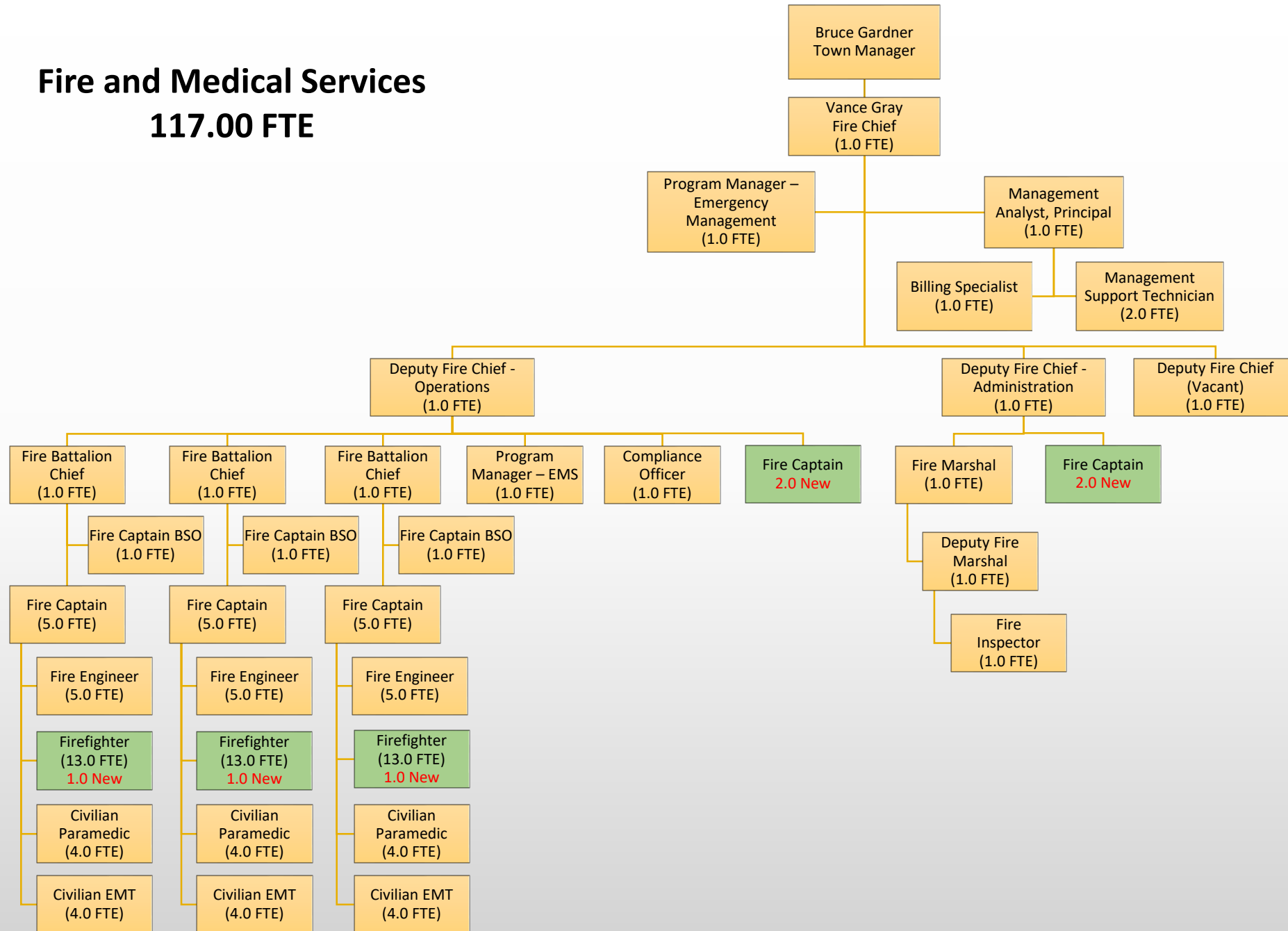
# Patient Transport Rate Comparison

<b>Entity</b>	<b>ALS Rate</b>	<b>BLS Rate</b>	<b>Per Mile</b>	<b>Standby</b>
Queen Creek Fire & Medical*	\$1,094.18	\$982.56	\$12.59	\$245.64
Gilbert Fire & Rescue*	\$1,059.65	\$944.32	\$18.34	\$236.09
AMR*	\$1,157.18	\$1,030.79	\$23.99	\$257.69

\*Does not include AZ DHS Automatic Rate Increase of 1.7% which will be effective July 2024

# Fire and Medical Services

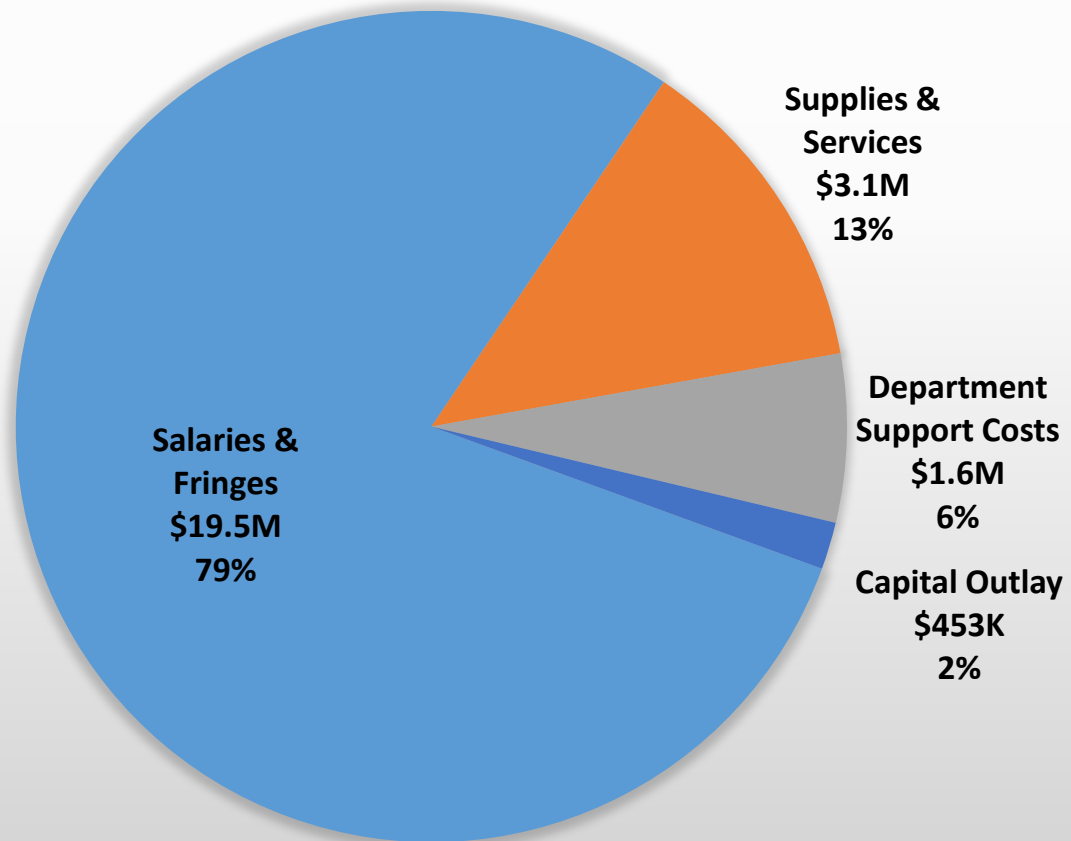
## 117.00 FTE





# FY 2025 Fire Budget Overview

## FIRE & MEDICAL FY 2024/25 RECOMMENDED BUDGET \$24.7M

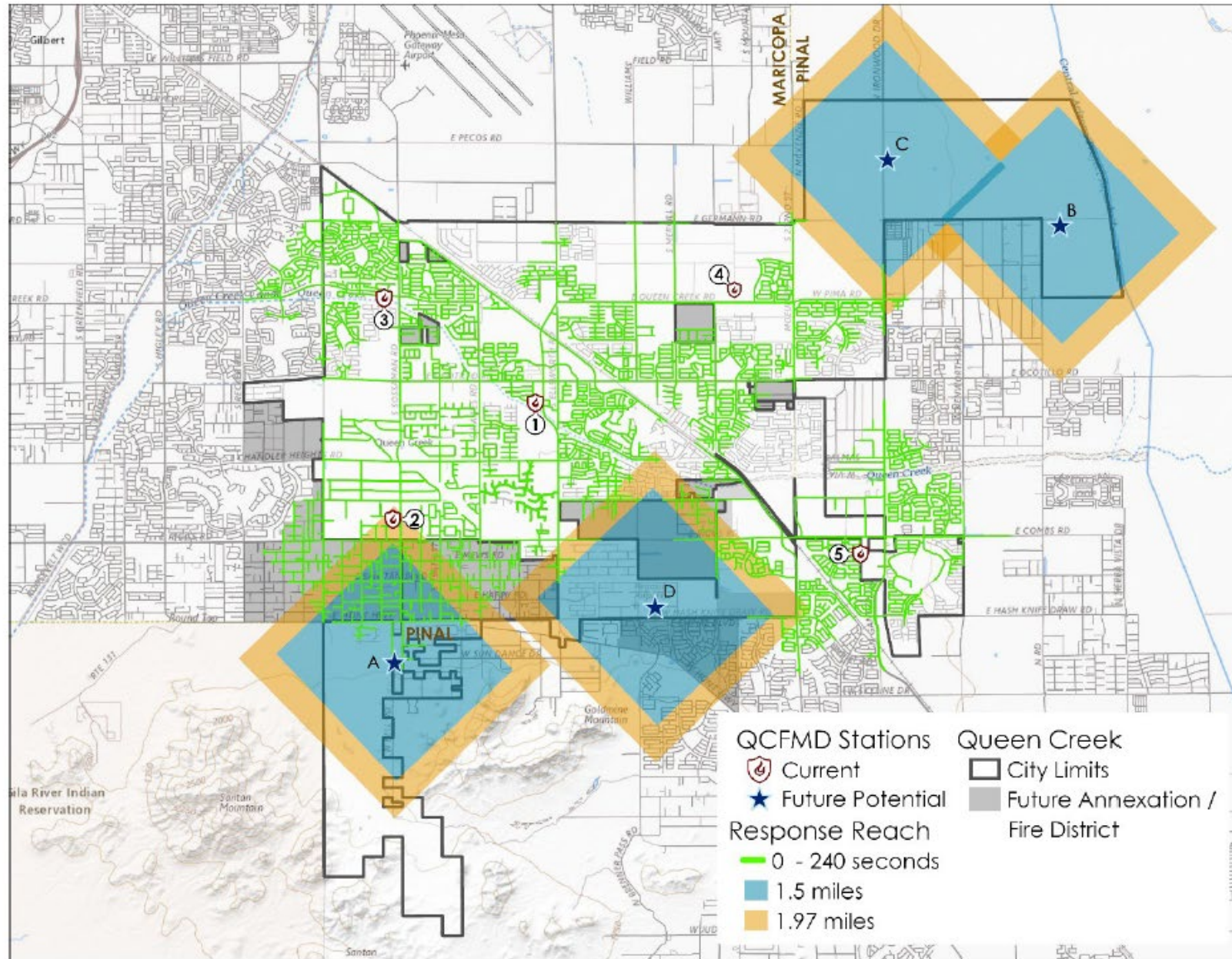


Budget Additions	FTE	Amount
Fire Captains	4.0	\$873K
Firefighters	3.0	\$431K
Total	7.0	\$1.3M

# New Fire Stations #6 and #7

- CPSM Recommended Fire Master Plan
  - 240 second or 4 minute response time recommendations.
  - Add Station #6 to the south end of the town to cover service gap.
  - Add Station #7 to the northeast end of the town to cover service gap.
- Fire Station #6 (anticipated opening 2028)
  - 31.25% increase in call volume in response area.
  - In 2023, the average travel time was 5 minutes 54 seconds.
  - In 2023 we had 479 calls in Fire Station 6 area.
- Fire Station #7 (anticipated opening 2030)
  - 22.2% increase in call volume in response area.
  - In 2023, the average travel time was 5 minutes 47 seconds.
  - In 2023, we had 52 calls in Fire Station 7 area.

**FIGURE 5-13: QCFMD Nine Station Deployment Model**



# Capital Improvement Projects

## Years 1-5

- Public Safety Complex (Currently Under Construction)
- Fire Station #6 – Building & Equipment\*
- Fire Station #7 – Building & Equipment\*
- Fire Hazardous Materials Unit\*
- Fire Pumper Replacement (E414)

\*Five apparatuses were ordered in FY 2023/24 due to long lead constraints: 1 fire pumper truck at Fire Station #6, 1 ladder truck, 1 ladder tender unit, and 1 hazardous material unit at Fire Station #7, and 1 replacement fire pumper truck at Fire Station #4

## Years 6-10

- Fire Station #8 – Building & Equipment
- Fire Station #9 – Building & Equipment

# FY 2024-25 Recommended Budget

## **Public Works**

# Strategic Plan/Goals

## Effective Government (*Technology*)

### Facility Assessment:

- Annual Town facility assessments (assist with identifying and planning for major repairs & replacements)
- MSB chiller replacement project



### Advanced Traffic Management System (ATMS):

- Installation of fiber optic cabling infrastructure in existing conduit
- Consultant services for traffic reviews/studies and signal improvements
- New traffic monitoring system to improve travel time
- Traffic cabinet replacements (3 yr program-replace 22 cabinets)



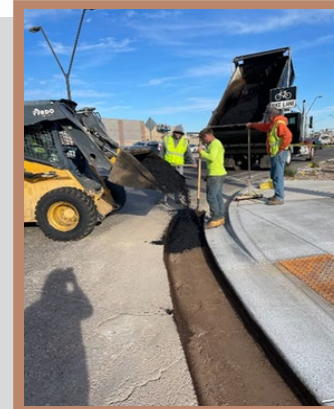


# Strategic Plan/Goals

## Superior Infrastructure (*Traffic Engineering and Pavement Preservation Program*)

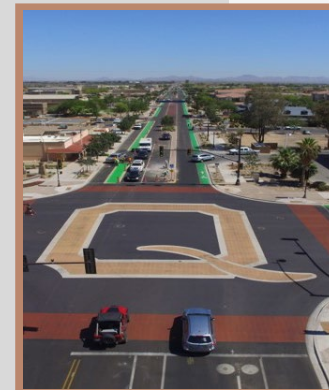
### Maintain Roads:

- Pavement preservation projects
- Sign management/replacement program to meet current Town standards
- Equipment for drainage and storm system management



### Safe Transportation:

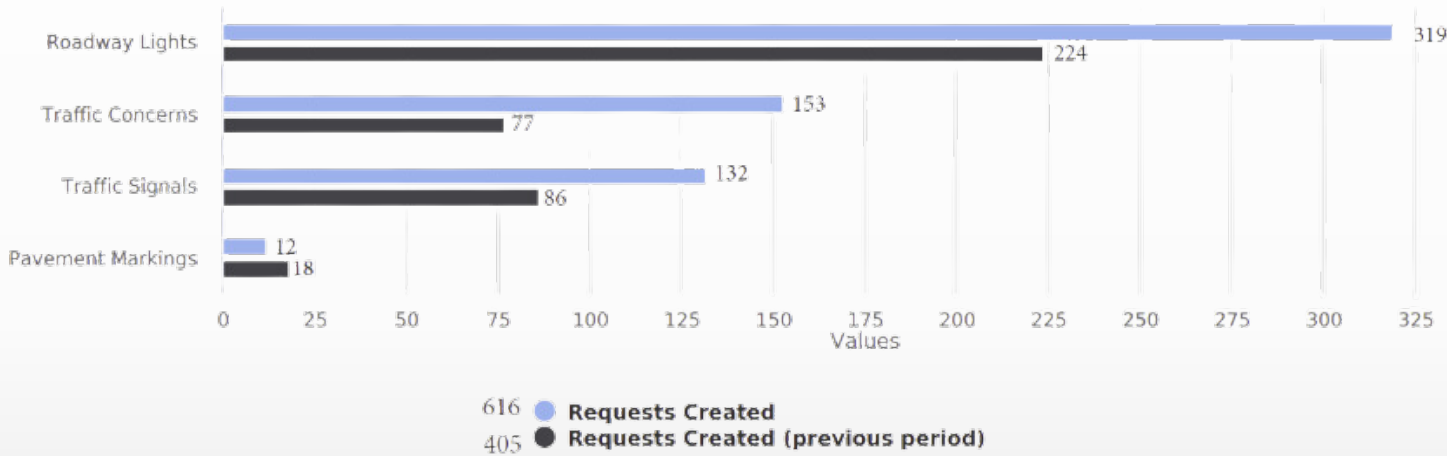
- Bike & Pedestrian Master Plan
- Transportation Master Plan
- Safety Action Plan
- Intersection rewiring to meet Town standards
- Roadway lighting management system
- Flashing school zone signage



# Metrics

# Transportation Management

Traffic Engineering SeeClickFix Requests 2022 vs 2023



Changes - Infrastructure and Activity	FY13-14	FY22-23	% Increase
<b>Infrastructure Assets</b>			
Streets (Miles)	461	733	59%
Traffic Signals	42	87	107%
<b>Operating Activity Measures</b>			
Street Resurfacing (Miles)	10	95	850%
			1016%

SeeClickFix Request Increase

52%

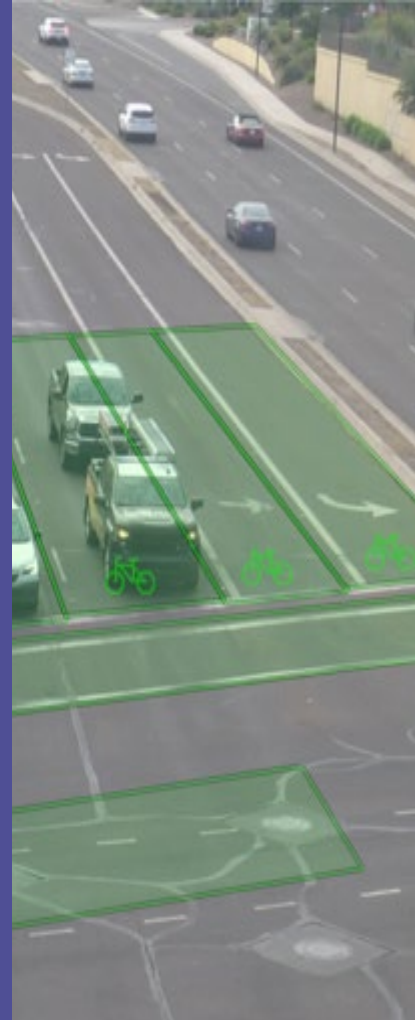
2022 vs 2023



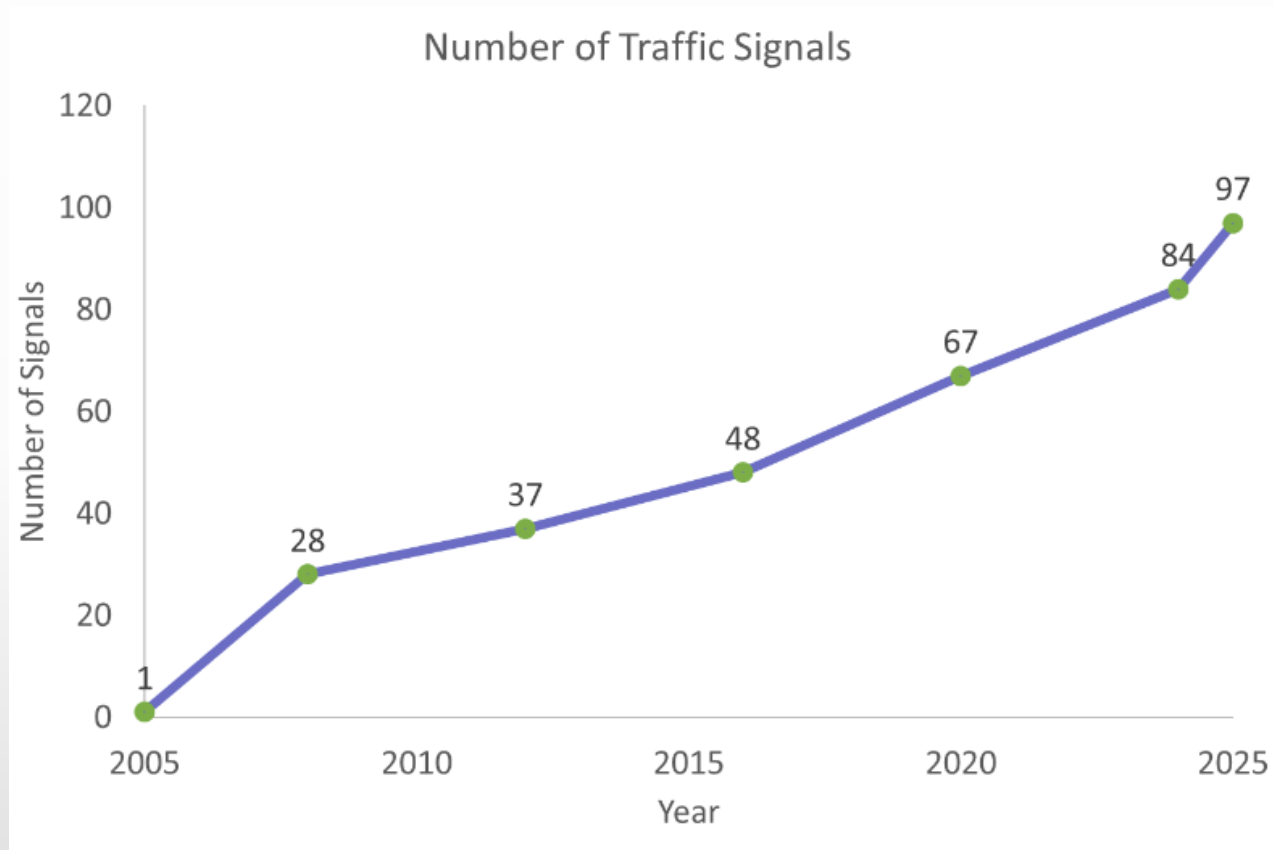
Infrastructure & Maintenance

1,016%

COMPARATIVE GROWTH  
(FY13-14 TO FY22-23)



# Traffic Engineering Operations



Signalized Intersections

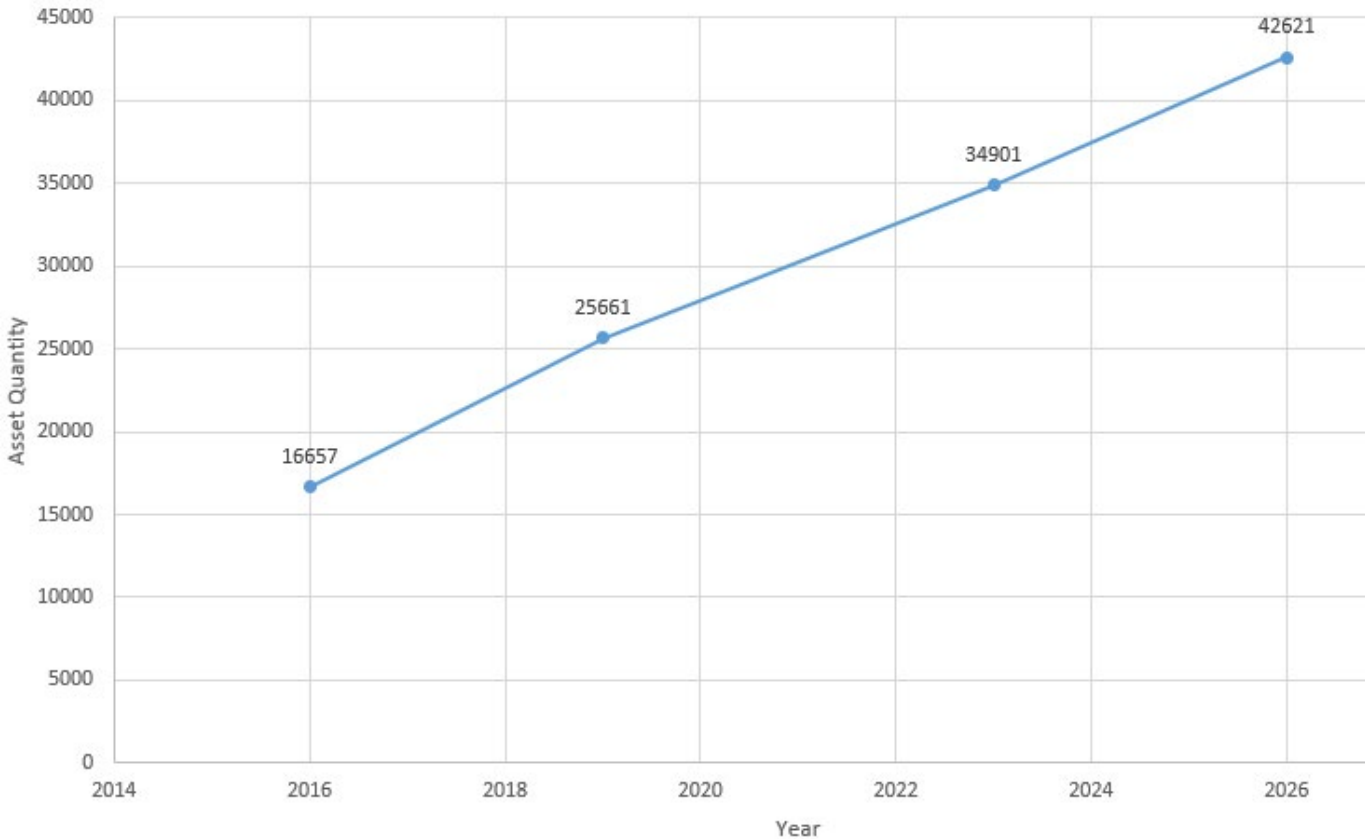
7%  
AVERAGE GROWTH  
(ANNUAL)

15%  
PROJECTED GROWTH  
(FY24 to FY25)

# Metrics

# Streets Maintenance Operations

Streets Maintenance Assets



Changes - Infrastructure and Activity	FY13-14	FY22-23	% Increase
<b>Infrastructure Assets</b>			
Streets (Miles)	461	733	59%

Paved Lane Miles

461 Miles (FY13-14)

733 Miles (FY22-23)

**59%**

AVERAGE GROWTH  
(FY13-14 to FY22-23)

Streets Assets Increase

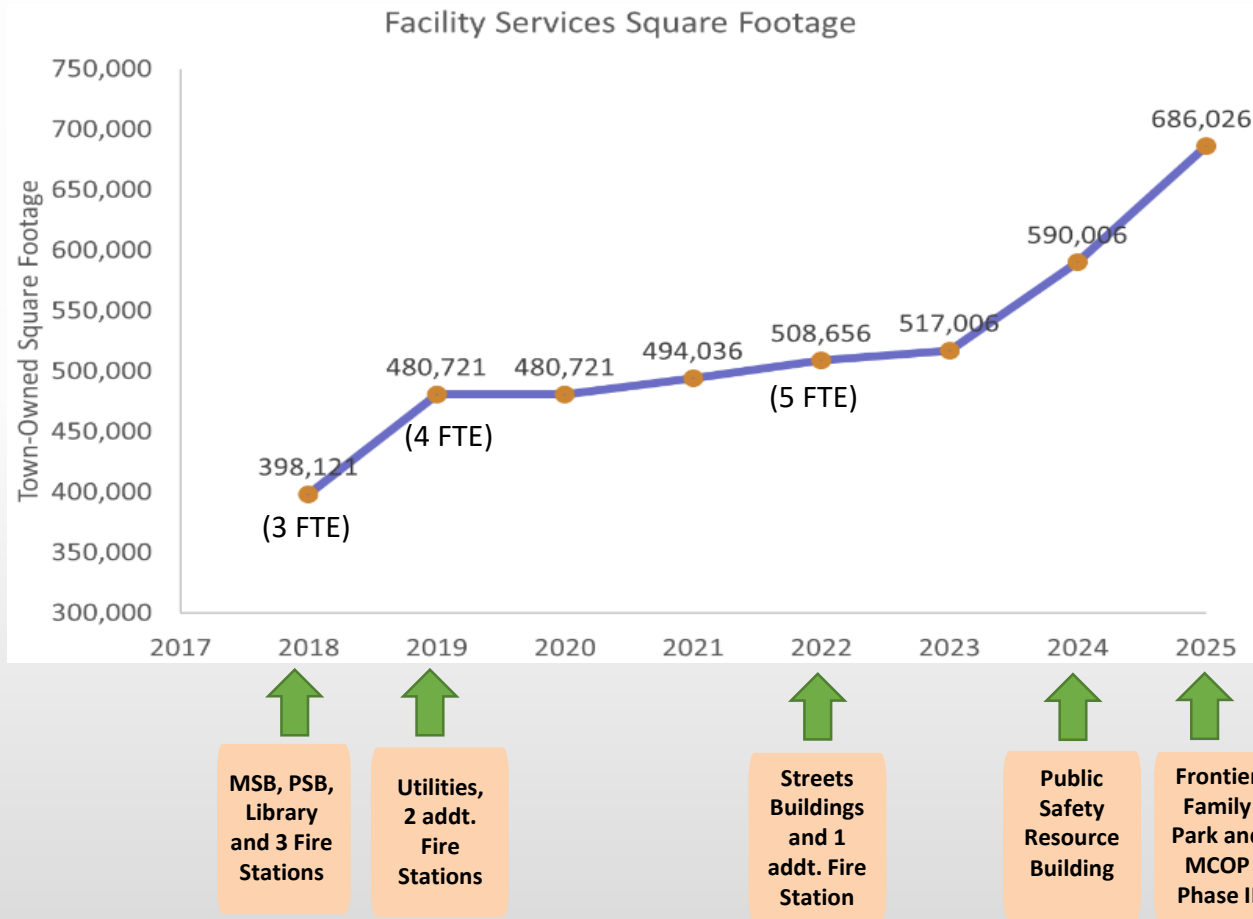
**155%**

PROJECTED GROWTH  
(2016 vs 2026)



# Metrics

## Facility Services Operations



International Facility Management Association benchmark: 50-60,000 square feet per FTE

Facilities is currently servicing 118,000 square feet per FTE in FY24 and adding another 96,000 square feet in FY25

**Town-Owned Structures**

35 structures in 2018

61 projected structures (FY25)

**74%**

COMPARATIVE GROWTH (2018 to 2025)

**Town-Owned Square Footage**

**72%**

COMPARATIVE GROWTH (2018 vs 2025)

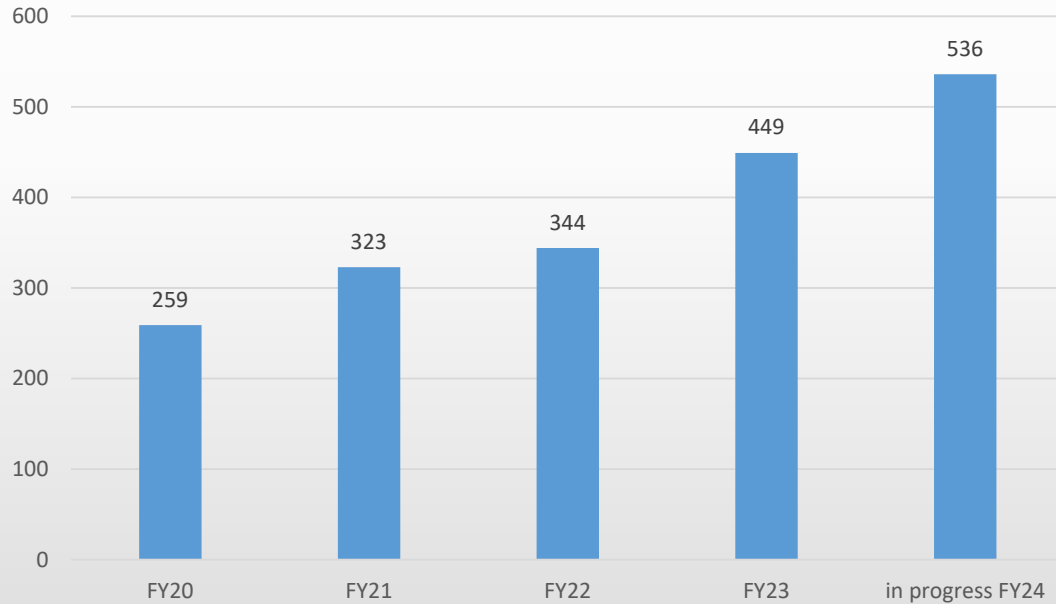




# Fleet Services Operations

## Fleet Asset Growth

over 5 years



<b>536</b>	Fleet assets
<b>5.5</b>	Current technicians in Fleet
<b>97.5</b>	Assets per technician

Gov. Fleet standard asset to tech ratio is: 55:1

Town of Queen Creek asset to tech ratio is: 97.5:1

### Fleet Asset Growth

**20%**

AVERAGE GROWTH  
(FY19-20 to half of FY23-24)



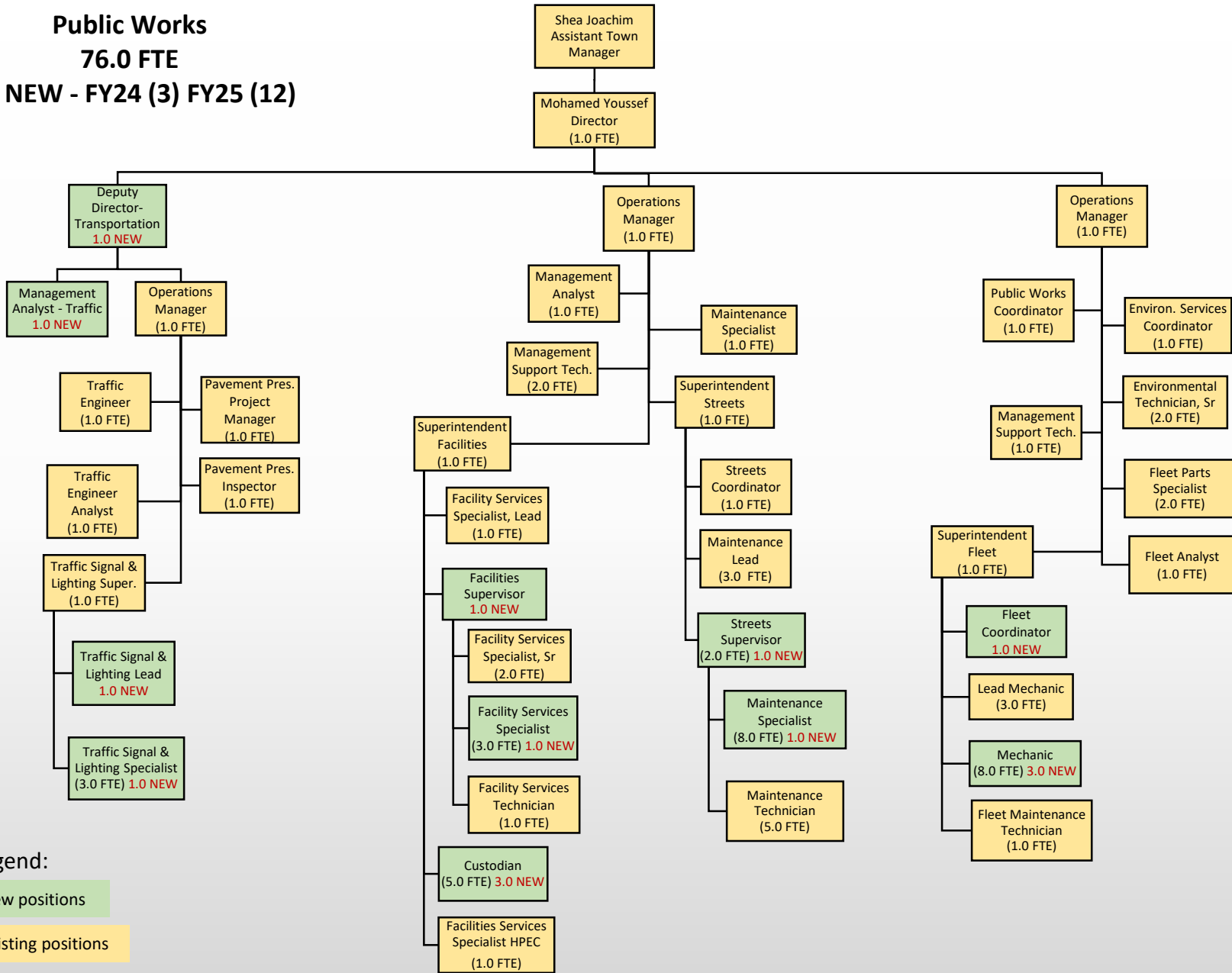
**107%**

COMPARATIVE GROWTH  
(FY20 VS. Current Fleet)





**Public Works**  
**76.0 FTE**  
**15 NEW - FY24 (3) FY25 (12)**



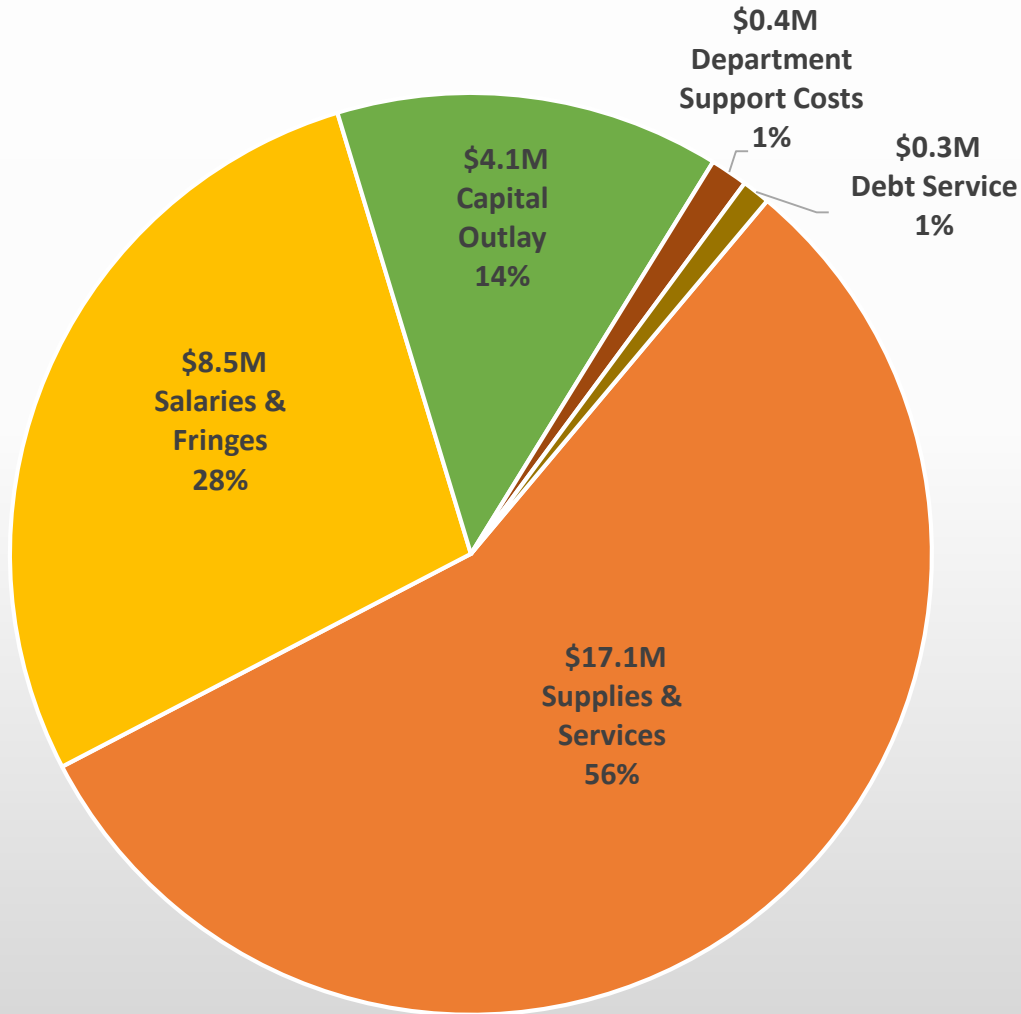
**Legend:**

New positions

Existing positions

# FY 2025 PW Budget Overview

(Total Budget = \$30.4M)



## FY25 Budget highlights

	FTE	Amount
15 additional positions		\$1.9M
Deputy Director – Transportation (FY24 mid-year)	1	
Traffic (FY24 mid-year, 2 positions)	3	
Facilities	5	
Streets	2	
Fleet	4	
MSB Chiller replacement project		\$1.0M
Fiber optic cabling infrastructure and traffic monitoring system (ADOT/FHWA IGA) (North/South fiber projects)		\$750K

# Capital improvement Projects – Public Works

*(FY25-FY29 non-transportation projects)*



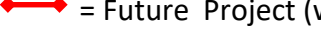

- Fleet Services facility expansion
  - Mainly driven by the growth in Police fleet size and needs
  - Growth in town wide fleet size
  - Space needed for additional vehicle/equipment shop bays & shop equipment



# Transportation

## Infrastructure Improvement Plan 2024-2033

**Key**

-  = Completed Project
-  = Active Project
-  = Future Project (w/in 5Yrs)
-  = Future Project (Beyond 5)

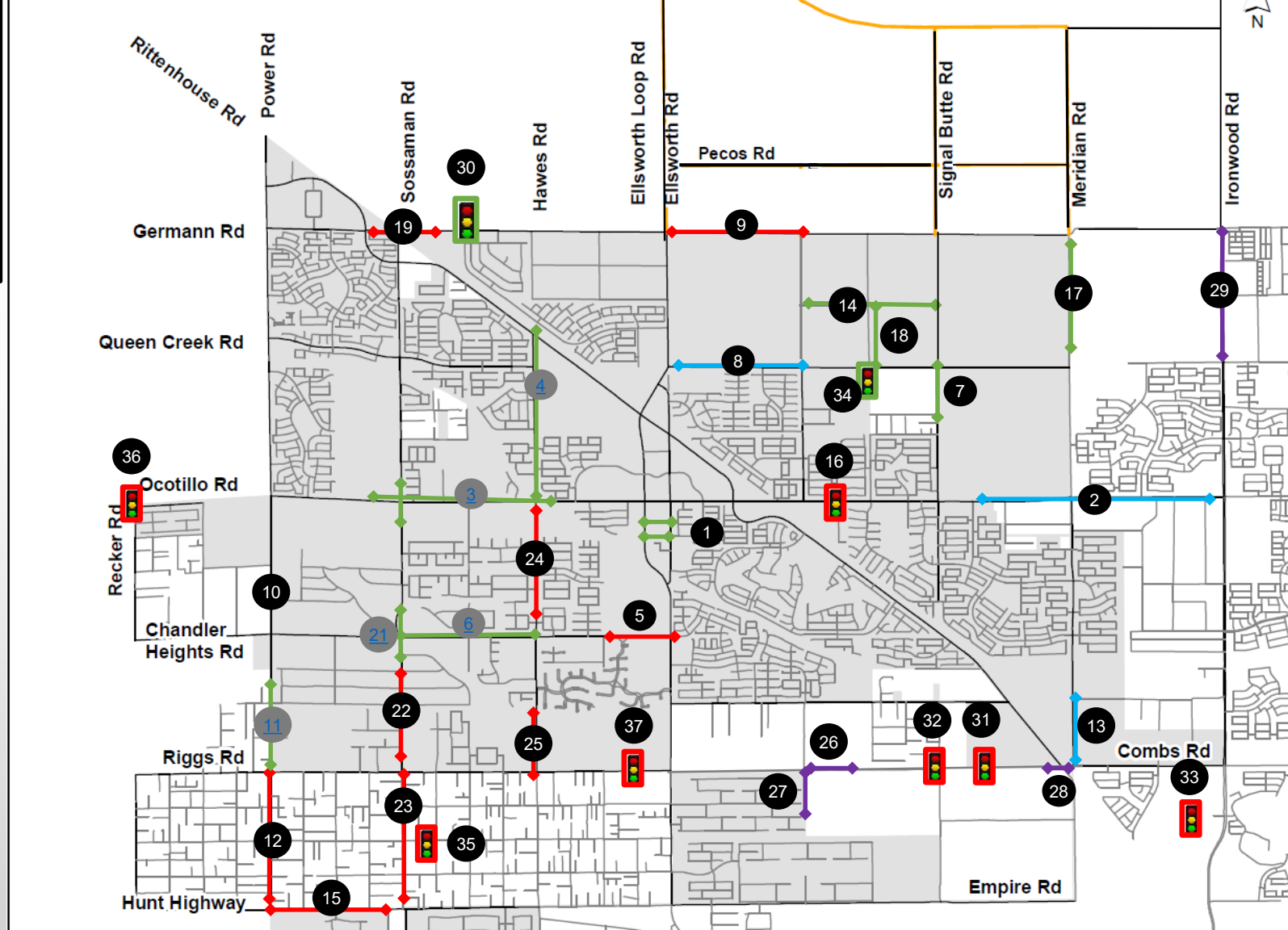


Traffic Signal Active



Traffic Signal Future

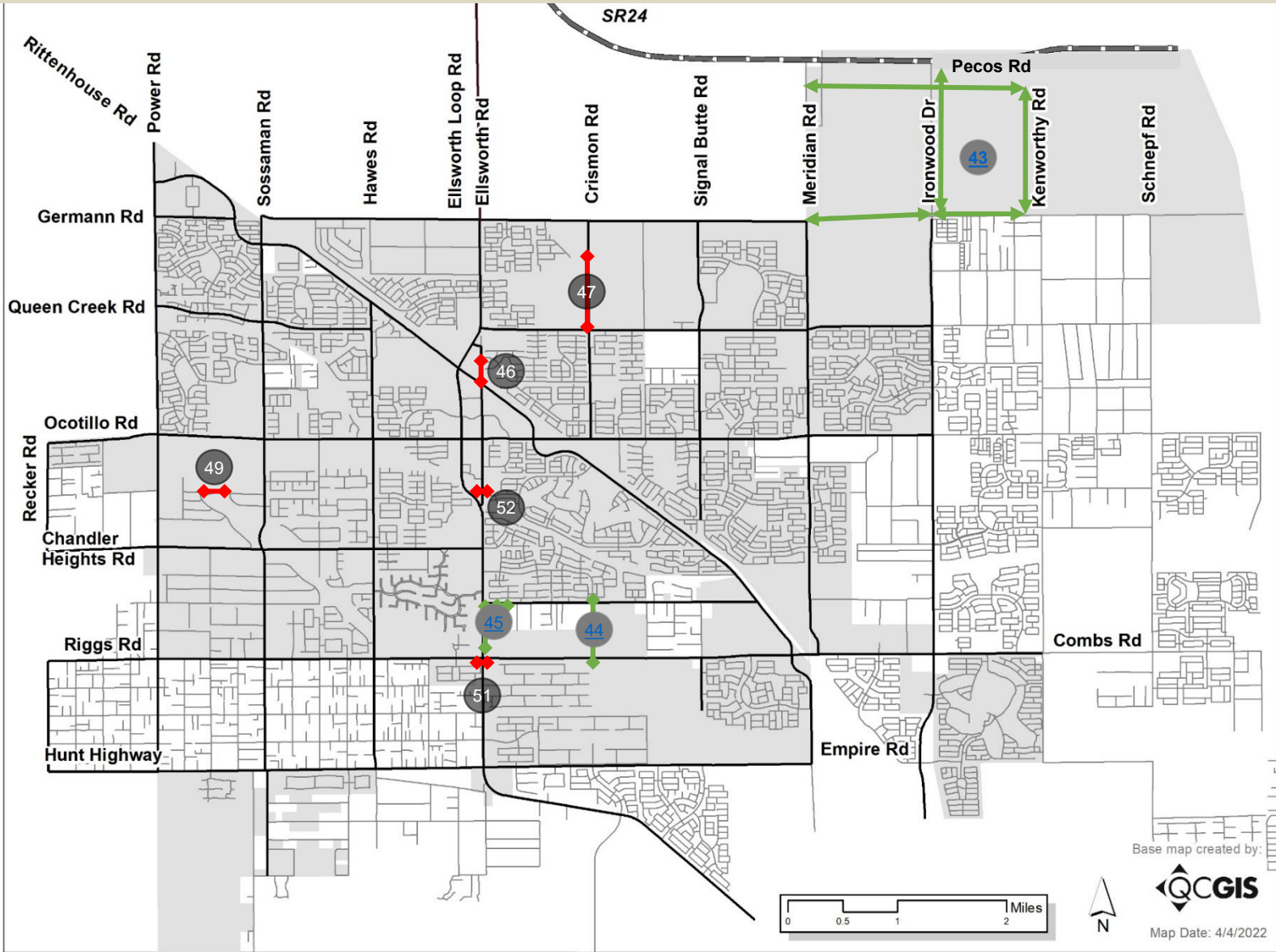
Budget Snapshot  
FY25-FY29: \$142M  
FY30-FY33: \$53M



Transportation  
Master Plan  
Update  
Pending

# Transportation & Drainage Projects

## Non-Infrastructure Improvement Plan



**Key**

- ↔ = Active Project
- ↔ = Future Project

Note:  
#43 = ASLD  
infrastructure  
improvements

# FY 2024-25 Recommended Budget

## **Community Services**



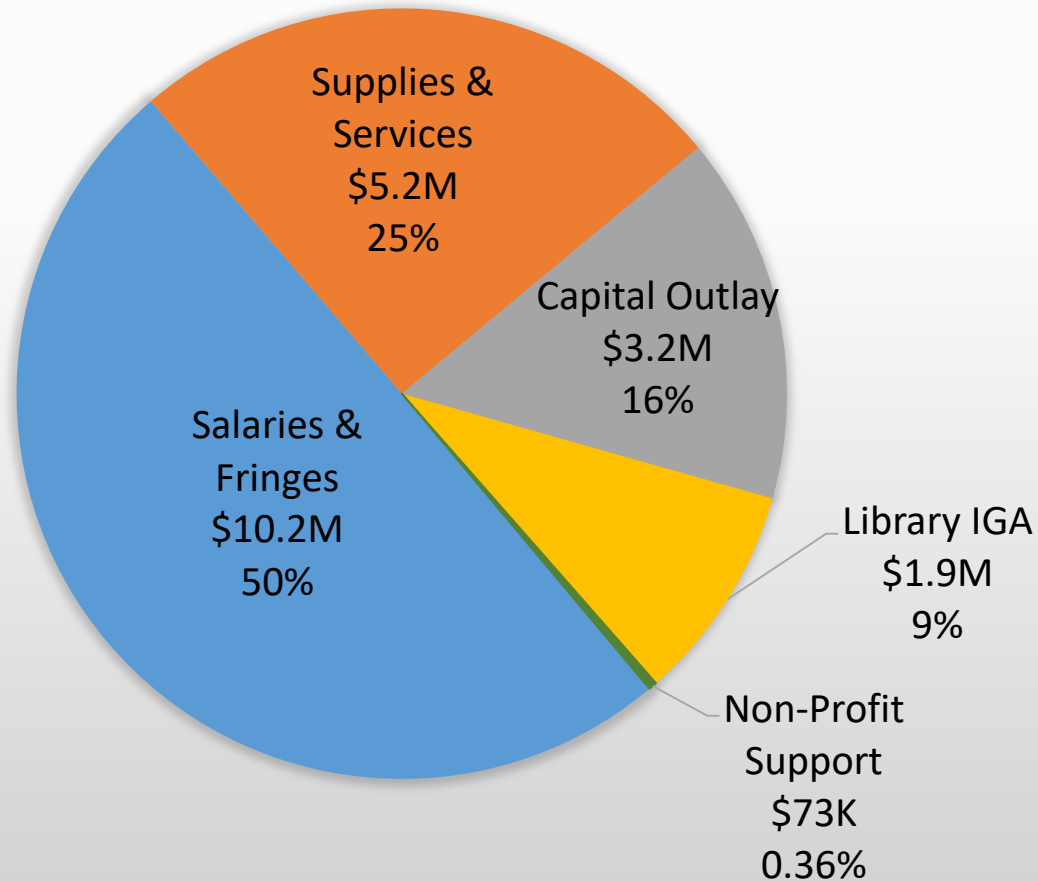
# Goals

- Corporate Strategic Plan
  - Complete the construction of the Recreation and Aquatic Center and begin offering services
  - Implement the Town's volunteer program by engaging members of the community to donate their time and talents to Town projects and activities
  - Implement a Youth Commission for the Community
  - Complete Queen Creek Wash Trail from Crismon Road to Rittenhouse Road by the end of FY 2025/26



# FY 2025 Community Services Budget Overview

COMMUNITY SERVICES  
 FY 2024/25 RECOMMENDED BUDGET \$20.4M



Full-time Additions	FTE	Amount
Aquatics FT	1.0	\$121K
Recreation FT	7.0*	\$716K
<b>Total</b>	<b>8.0*</b>	<b>\$837K</b>

\*one FTE added mid-year in FY 2023/24

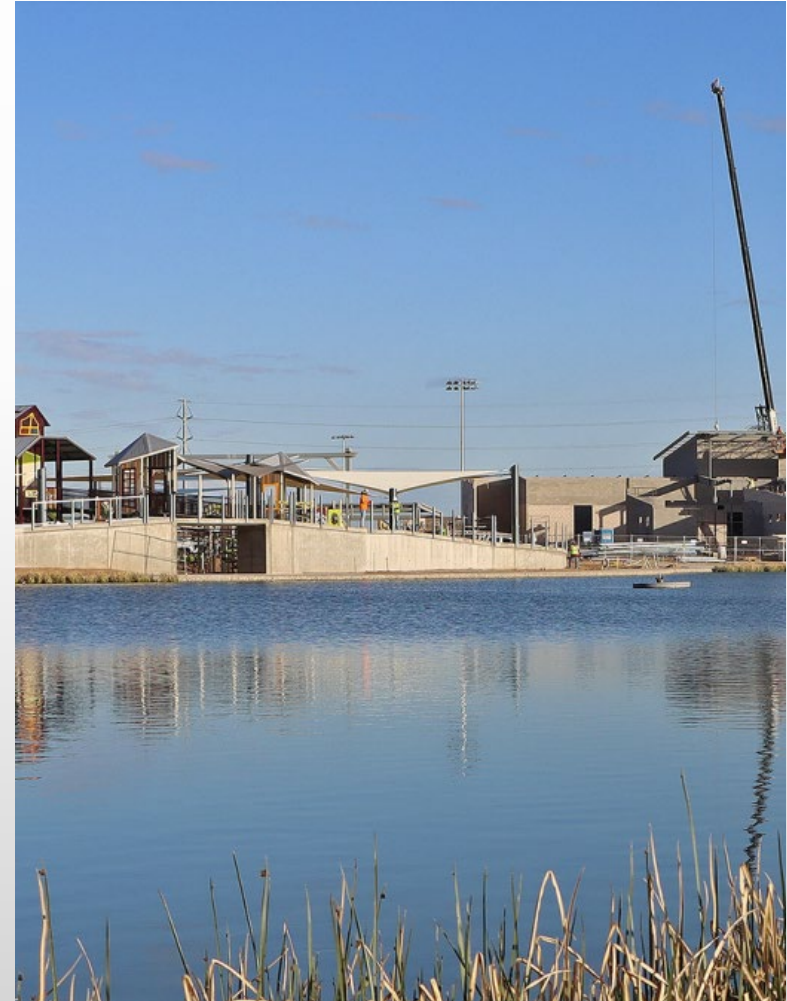
Part-time Additions	Hours	Amount
Aquatics PT/Seasonal <sup>†</sup>	55,595	\$1.3M
Recreation PT/Seasonal <sup>‡</sup>	43,364	\$850K
<b>Total</b>	<b>98,959</b>	<b>\$2.1M</b>

<sup>†</sup>Approx 120-130 seasonal staff

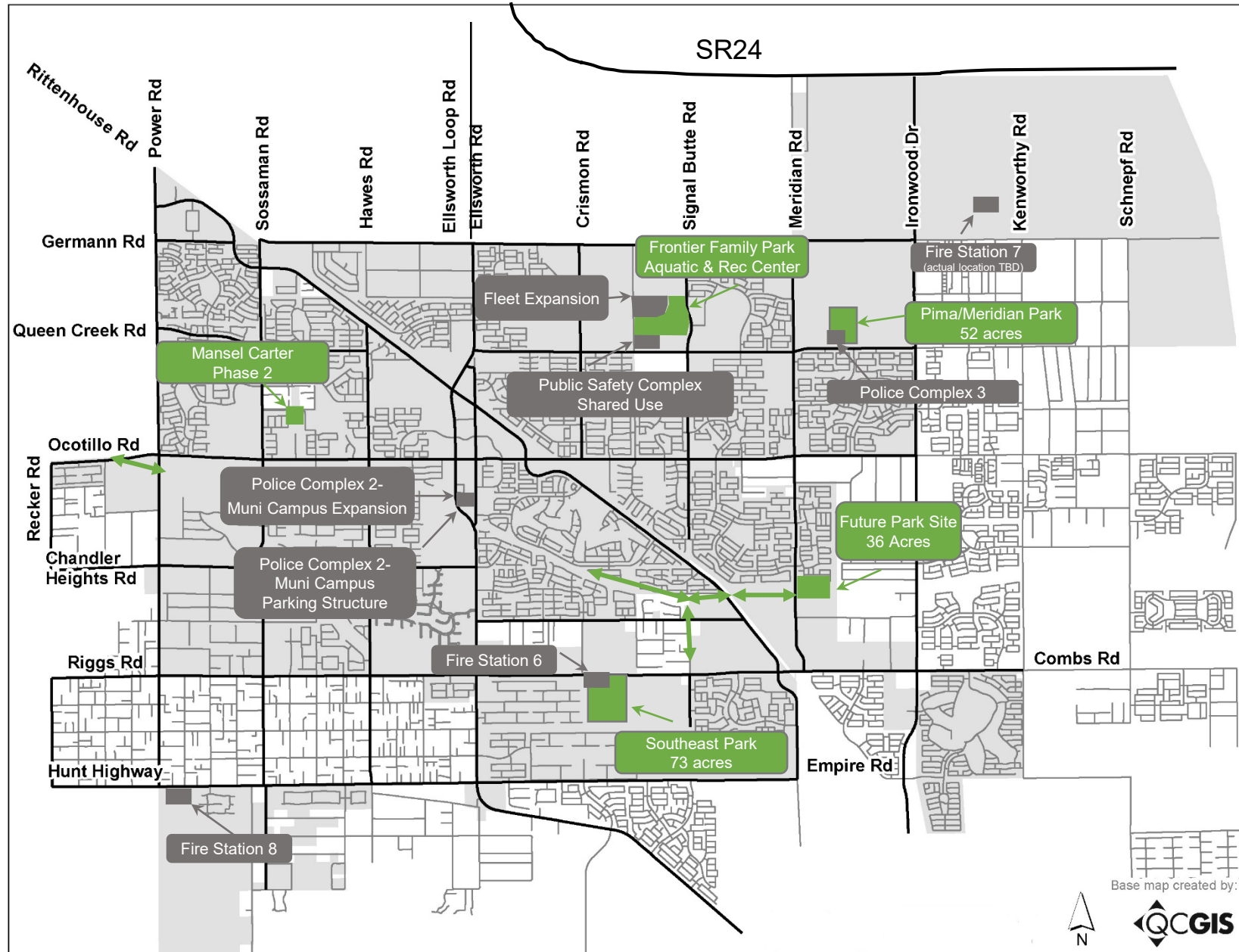
<sup>‡</sup>Approx 130-150 seasonal staff

# Capital Improvement Projects

- **Projects Under Construction:**
  - Mansel Carter Oasis Park - Phase II
  - Frontier Family Park
  - Recreation & Aquatic Center
  - QC Trail – Crismon:Rittenhouse
- **Years 1-5:**
  - Land Acquisition – Future Park Site (36 Acres)
  - Land Acquisition – PRI Property (52 Acres)
  - QC Trail – Rittenhouse:Meridian
  - Sonoqui Trail – Power:Recker
  - SRP Utility Easement Trail – Ellsworth: Signal Butte
- **Years 6-10:**
  - Southeast Park Construction (73 Acres)
  - PRI Property Park Construction (52 Acres)
  - Trail by Southeast Park



# Police, Fire, Parks & Trails IIP 2024-2033



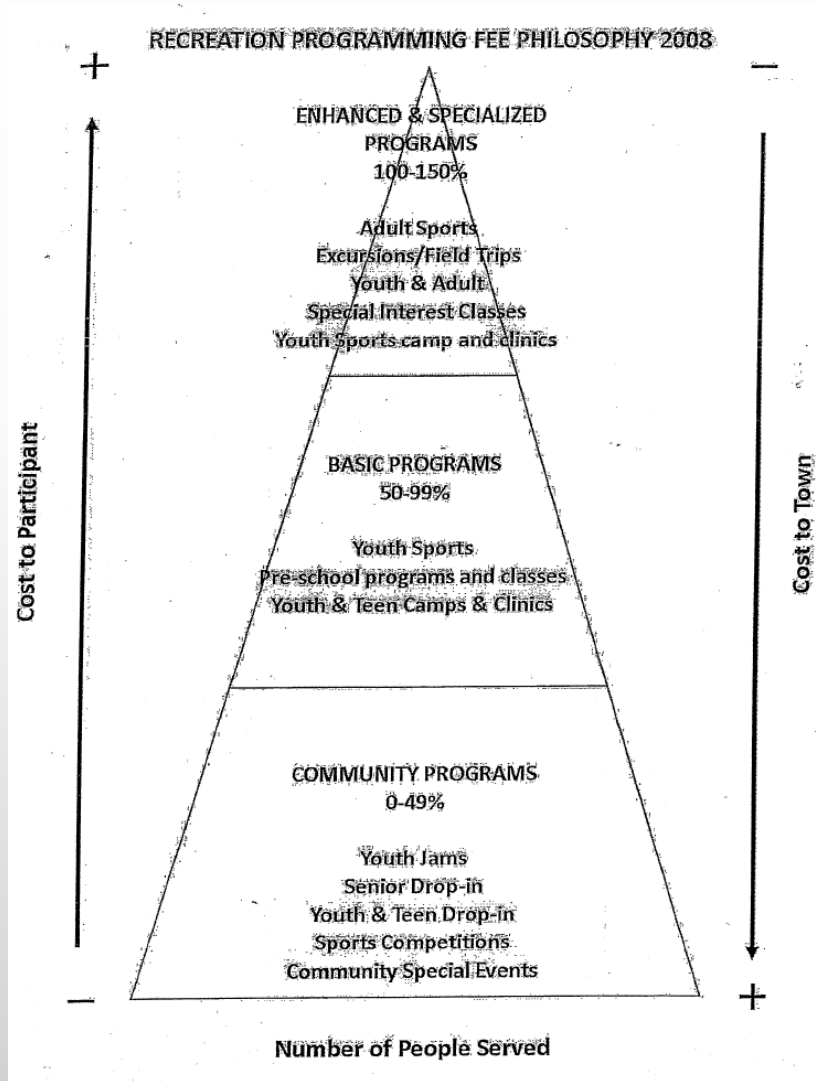
# Town Council Feedback from Strategic Planning Session

1. Update Parks & Rec Master Plan in 2027/28
2. Queen Creek residents are primary users of recreation programming, particularly the future Rec/Aquatic Center
3. Programming of Rec/Aquatic Center will be adjusted as needed to meet the needs of QC residents
4. Cost recovery will vary based on community benefit

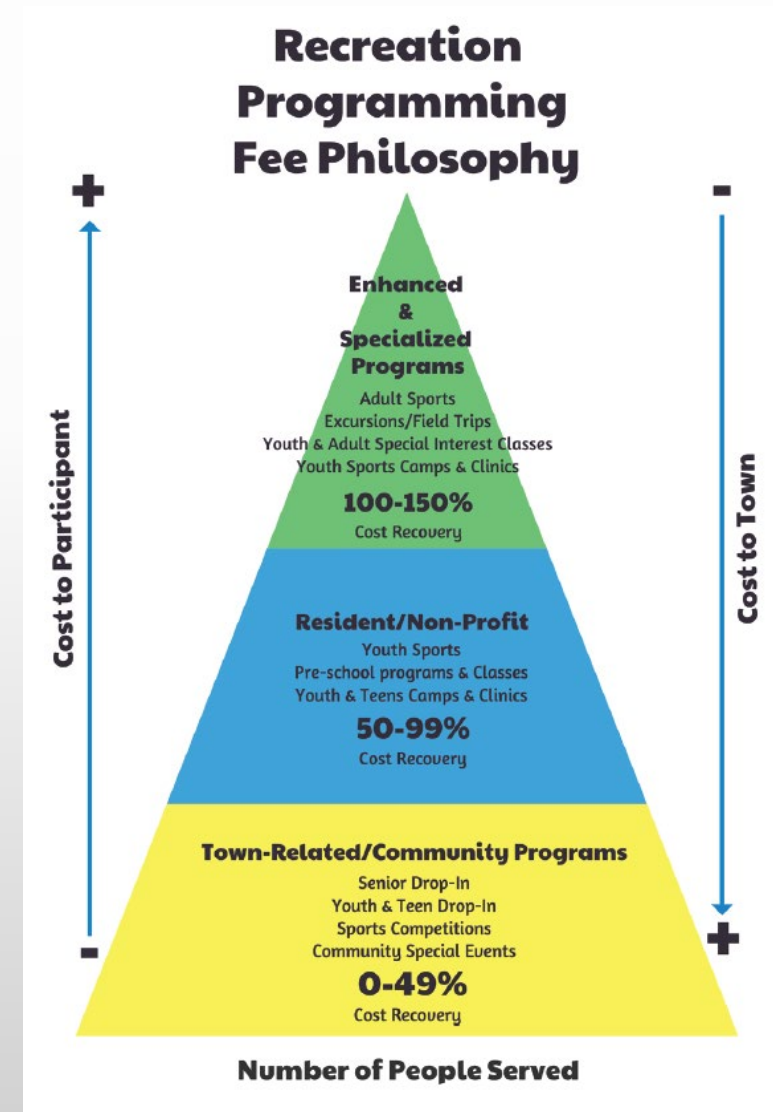


# Prior Approved Targeted Cost Recovery

## 2005



## 2018



# Targeted Cost Recovery Ranges

Perceived Benefit Category	Target Cost Recovery Range	Program Types
Community Benefit – High	0% - 25%	Developmental Programs; Swim School / Lessons
Community Benefit – Medium	25% - 50%	Youth Sports Partnerships; Youth Programs
Community / Individual Benefit – Balanced	50% - 75%	Facility Membership Passes; Adaptive, Senior Educational Programs; Swim Meets
Individual Benefit – Medium	75% - 100%	Team Sports; Education & Enrichment Programs; Small Group Swim Lessons
Individual Benefit – High	85% - 100%+	Specialty Programs; Fitness Programs; Facility Rentals, Private Lessons / Clinics / Training

# Town Council Feedback from Strategic Planning Session

(concluded)

## 4. Fees

- Fees will only offset a portion of total costs
- Resident and non-resident fees will be created
  - Resident-only registration periods for all programming
  - Higher non-resident fees, determined for each program area (*i.e. classes, passes, youth/adult sports*)
  - Annual, season and day passes to be evaluated
- Analytical approach to measure the impact that fees have on usage and cost recovery
- Fees will be evaluated and adjusted in a timely manner
  - 2-3 years to normalize operations; determine costs and revenues

# FY 2024-25 Recommended Budget

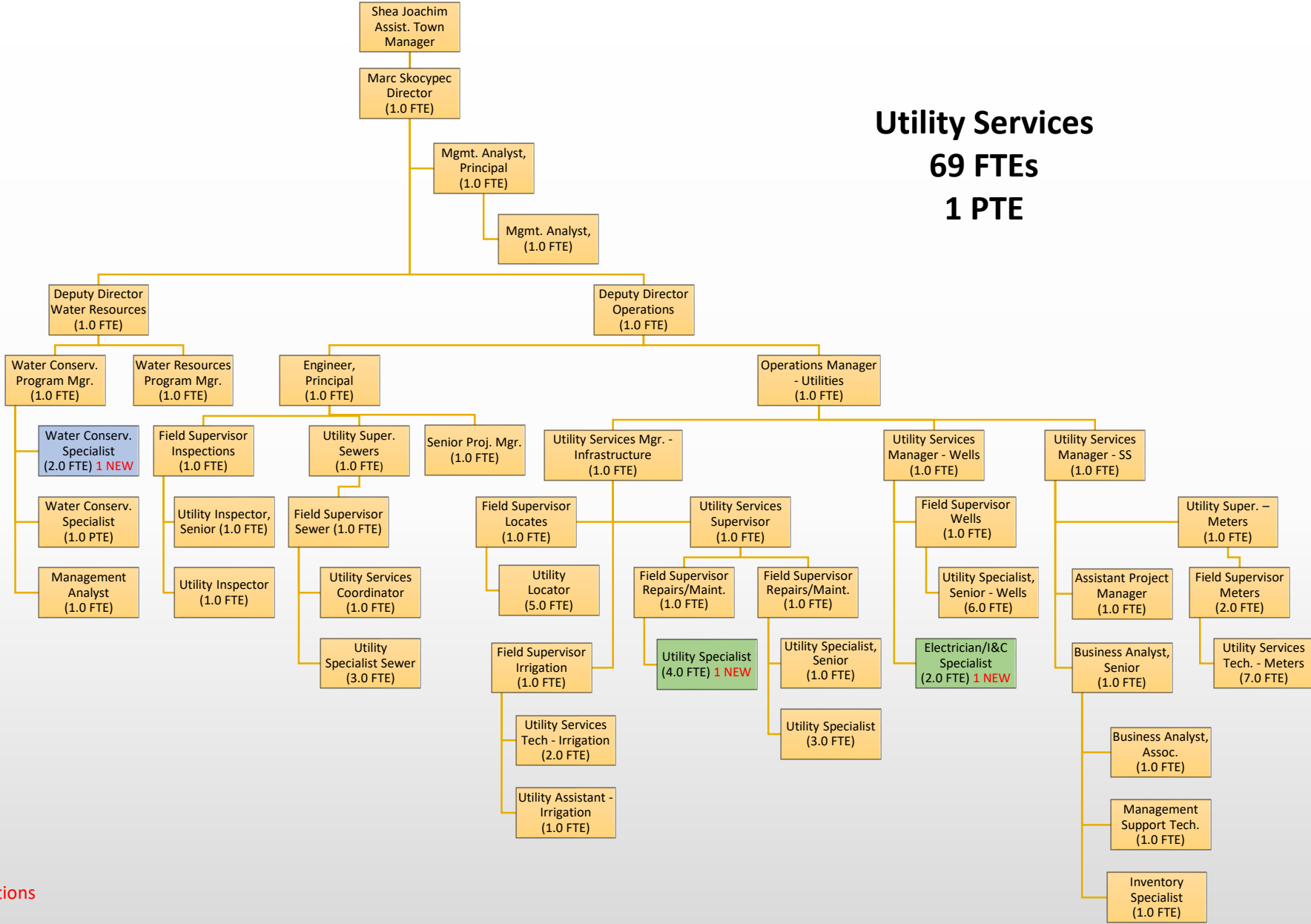
## **Water and Wastewater**

# Goals

- Corporate Strategic Plan
  - Establish a diversified water resource portfolio, including non-groundwater sources.
  - Provide uninterrupted utility services to all of the Town's water and wastewater customers, with a four hour response time to any service outage and a maximum 24 hour out of service time for any customer.
  - Improve effectiveness of our operations with increased supervisory staff and better manage workloads.
  - Develop and implement a water conservation program, for residential, commercial and industrial customers that sustainably reduces potable water demand by 300 Acre-Feet by 2025.

# Utility Services

69 FTEs  
1 PTE



### Legend



Existing Positions



Recommended Positions

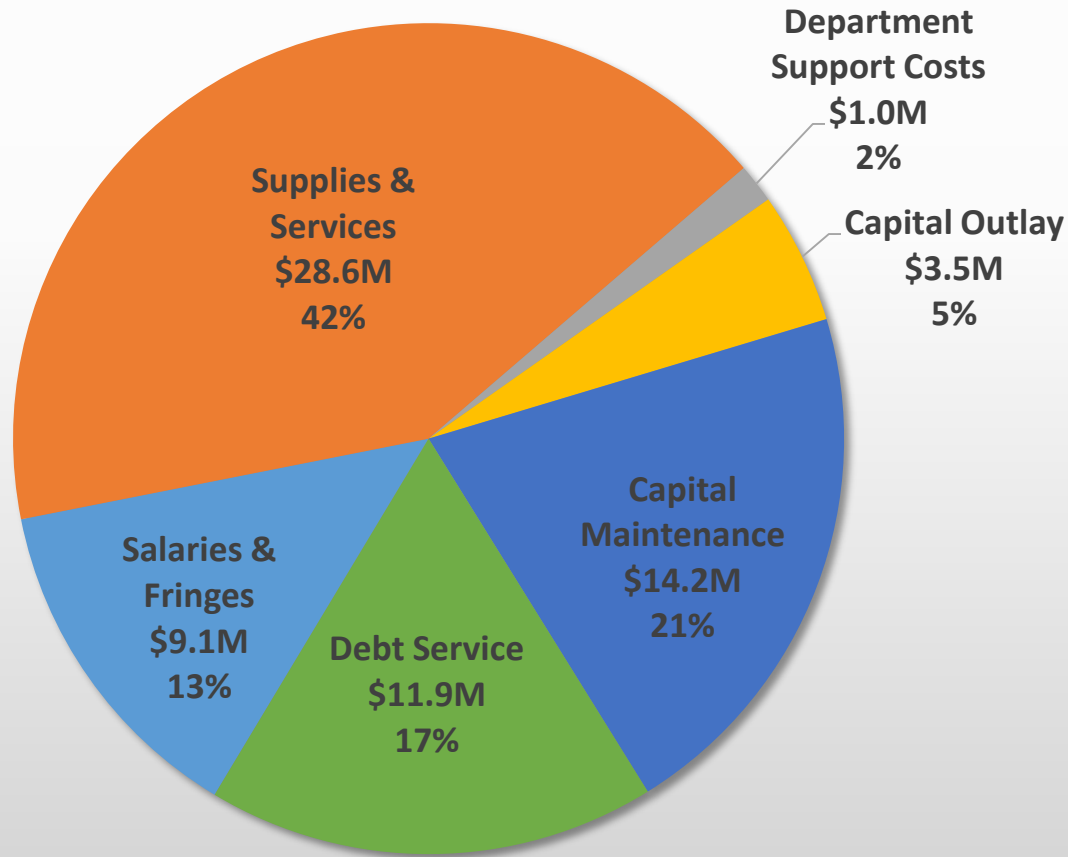


Additional Requested Position



# FY 2025 Utility Services Budget Overview

UTILITY SERVICES  
 FY 2024/25 RECOMMENDED BUDGET \$68.4M



Budget Additions	FTE	Amount
Electrician	1.0	\$132K
Utility Specialist Repairs	1.0	\$109K
<b>Total</b>	<b>2.0</b>	<b>\$241K</b>

# Capital Improvement Projects

- **Projects Under Construction:**

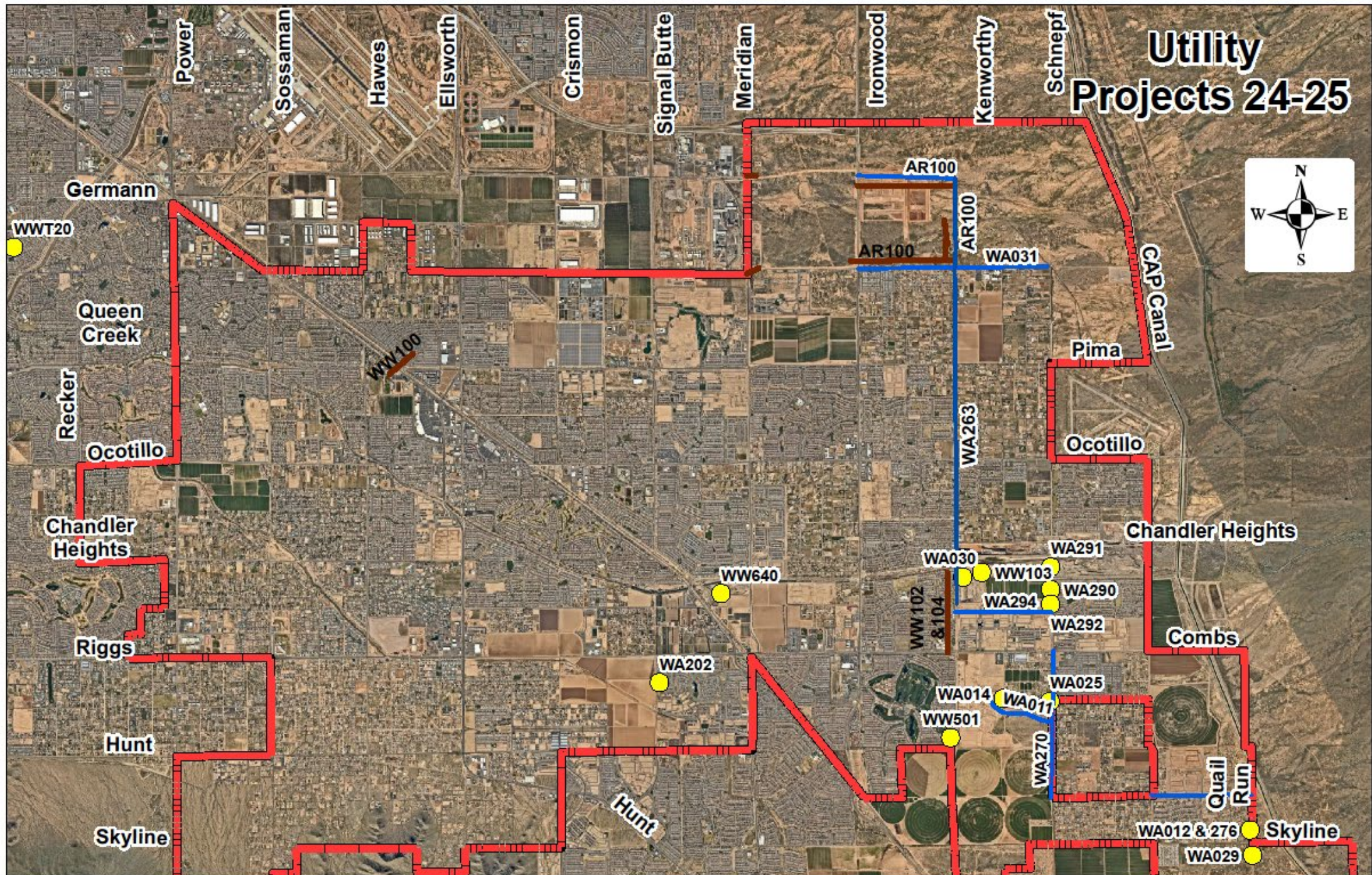
- Water Supply Acquisition
- Ocotillo Rd: Sossaman to Hawes
- Town Center: Aldec
- ASLD Infrastructure
- Family Frontier Park
- Pima Rd: Meridian to Transmission Line
- Germann Rd: Kenworthy
- Sossaman Rd: Via D
- Harvest Tank, Boost
- Schnepf: QC Wash t
- Kenworthy Rd: Red
- Schnepf: Combs to
- Schnepf: Hashknife to Skyline
- Laredo 750' East of Schnepf
- Diversified: Upfit Well #1
- Diversified: Upfit Combs Ranch Well
- Home Place (Wales Ranch) East Well & Transmission Line

- Home Place (Wales Ranch) North Well & Transmission Line
- Home Place (Wales Ranch) South Well & Transmission Line
- Home Place: Kenworthy to Schnepf
- Ridge Road
- g at Germann
- s, Site, & Tank
- boosters, & Site
- hknife
- QC Wash
- Line
- Vista Reimbursement
- n N Schnepf Rd to Canal
- Rittenhouse & Railroad Rehabilitation Phase 1
- Water Resources Master Plan

**33 Active Projects  
with Utility  
Components**



# Utility Projects 24-25





# Capital Improvement Projects

- **Years 1-5:**

- Water Supply Infrastructure
- Rolling Ridge Rd: Schnepf to Sierra Vista
- Sun Dance Dr: Crismon Rd to Sossaman Rd
- Hash Knife Draw: Kenworthy to Ironwood
- Hash Knife: Schnepf
- Combs Rd: Sierra Vista
- Brooks Farm Zone PF
- Stagecoach Pass Ave
- Sossaman Rd: Via De
- Chandler Heights Rd
- Harvest Tank, Booster
- Thompson: Empire to
- Rolling Ridge: Quail
- Sierra Vista: Combs to
- Rancho Jardines Water
- Silver Creek to Via de
- Sossaman Site, Tank & Booster
- Ware Farms 1 and 2 Wells
- Diversified Well 4
- Diversified Well 1 Tank & Pump Station
- Homeplace/Ware Farms Lake Fill
- Repair & Replacement Master Plan
- Future Reconstruction Projects

- Sundance Rd: San Tan Flats to Borgata
- Barney 80: Ryan to Germann
- Ocotillo Rd: Sonoqui to 190th
- RWCD Basin
- Frisbee Park Transmission Line

42 Future Projects  
with Utility  
Components

- Utility
- San Recharge Facility to Kenworthy Recharge
- Delivery point
- on
- Plant
- WTP
- GWRP Reclaimed water Storage Tank
- Reclaimed Water Pipeline: GWRP to Meridian Gravel Pit
- Reclaimed Pump Station at EPCOR Plant
- Rittenhouse & Railroad Rehabilitation Phase 2

# Water Conservation Current Status

- 1.5 Water Conservation Specialists
- Program In Development
- Program Build-Out
  - 4-6 Water Conservation Specialists
  - How Quickly Does the Program Grow?





# Water Conservation – Program Focus

- HOA Outreach
  - 40 Candidates
  - Current Capacity = 5-6 HOAs
- Water Conservation Portal
  - Mid-Year 2025
  - 40,000 NEW Points of Contact





A landscape photograph of a park. In the foreground, there is a calm pond reflecting the sky and the surrounding environment. The middle ground features a green lawn, a fence, and some trees. In the background, there are mountains under a cloudy sky. The text is overlaid on the upper and lower portions of the image.

# Water Conservation - Benefits

**Avoided Costs**

**Capital & Operating Cost  
Savings**

***Cost Avoidance Between  
\$650 and \$1750 Acre Foot***

# Previous Council Review and Updates

**2023 Annual Planning Session Program  
Review**

**February 2024 Program Presentation &  
Update**

# Ask of Council

- Consideration to Advance 1 Additional Water Conservation Specialist in FY 2025

- July 1 (Full Year) – Full Year Staff Outreach & HOA Program Development

OR

- January 1 (Mid Year) – ½ Year Staff Outreach & HOA Program Development

***Specific Metrics Are  
Forthcoming – This Request is  
Within the Anticipated Positive  
Return on Investment***